Marxism Today

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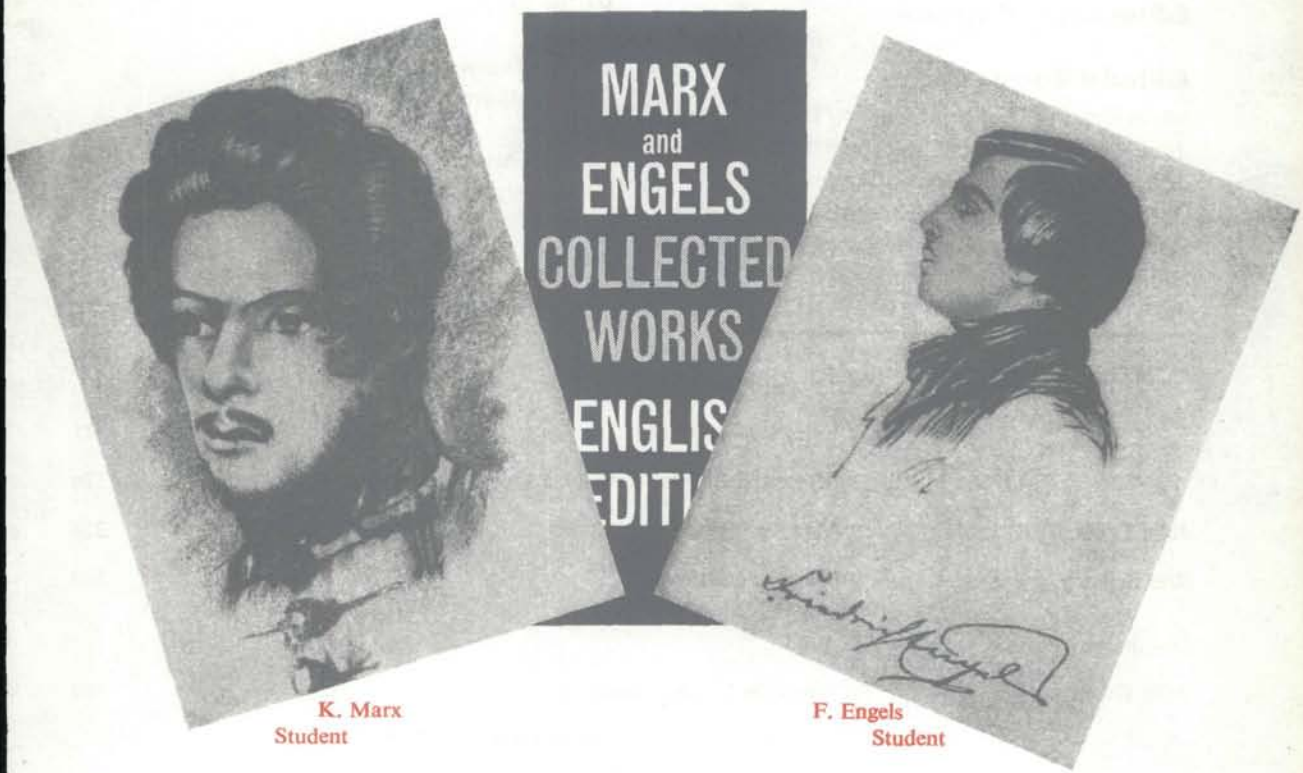

K. Marx
Student

F. Engels
Student

Editorial Comments

Marx and Engels Collected Works

John Lewis

Ron Bellamy

Max Weber and Karl Marx

More on Inflation

Discussion:

John Green

Trends in Youth Culture

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Marxism Today

Theoretical and Discussion Journal of the Communist Party

Volume 18, Number 11

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CONTENTS

	Editorial Comments	321
	Marx and Engels—Collected Works	326
John Lewis	Max Weber and Karl Marx	328
Ron Bellamy	More on Inflation	340
Discussion:		
John Green	Trends in Youth Culture	350

The Front cover was designed by Pat Cook.

SOME ARTICLES PLANNED FOR DECEMBER 1974—FEBRUARY 1975

E. A. Bitsakis	Relativism and Relativity
Donald Cameron	Problems of Heredity
Bill Carr	Memories of the General Strike
Raul Castro	People's Power
Tom Drinkwater	Crisis of British Imperialism
Ruth & Edmund Frow	The First International and the Manchester Working Class
Richard Gunn	The Marxist View of Theory and Practice
Hans Hess	Georg Grosz (illustrated)
Georges Marchais	From the Report to the French Communist Party Congress
George Matthews	Post-Election Perspectives
Ivor Montagu	Solzhenitsyn and Gulag Archipelago
Roy Volleamere	Karl Marx: Activity and Alienation

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Editorial Comments

DURING their term of office (June 1970—February 1974), in their period in opposition and especially during the recent General Election, the Tories proclaimed themselves the "Party of the Nation".

Few trade unionists, socialists, and other progressives were taken in by this. But the true class character of the Tory Party is to be seen perhaps very clearly in those who contribute most generously to its funds, and in those allegedly "non-political" organisations which, year in and year out, wage a sustained anti-labour, anti-socialist, anti-communist campaign and which are likewise financed by big business.

The Labour Research Department in its latest pamphlet[1] reveals that close on one million pounds (£922,329) was donated by 393 big business firms in the year ending March 31 1974. Of this just under half—£455,088—went directly to the Tory Party. The remainder, in the main, to the *British United Industrialists*, the *Economic League*, *Aims of Industry*, *Common Cause* and some small miscellaneous organisations of a similar character.

All these are, in effect, para-tory organisations. For not only do some of them have close links with the Tory Party but their activities are aimed at swinging opinion against the Labour Party and its policies, particularly nationalisation, as well as against the Communist Party. Thus only the Tory Party can hope to gain electorally from them.

Alongside the propaganda activities go the more sinister ones of providing "information" about militants in industry, the basis for blacklisting active trade unionists and left-wing political activists in the factories.

BLACKLIST OF BLACKLISTERS

The *British United Industrialists* formed in 1960, received £253,555 during the year mentioned. According to Paul Ferris in the *Observer* (19.10.69) most of the money received by BUI is "passed on to the Conservative Party to spend on free-enterprise propaganda" (p.9). But BUI is more than a money channel for the Tories, it engages in unspecified "anti-subversion" activity, especially in industry.

The *Economic League*, whose income in 1972 was over £400,000 provided mainly by the banking and finance world is a more familiar organisation to factory workers. It engages in massive propaganda activity at factory gates. It produced 22 million leaflets in 1973 defending the Industrial Relations Act, profit making and free enterprise and attacking nationalisation and militant trade unionism. But it also, behind this activity, provides "a unique service to industry by compiling data on individual workers who may be politically active" (*Guardian*, 18.5.74).

Aims of Industry, now campaigning to raise £500,000 to wage the fight against Labour, is also analysed in the LRD pamphlet. Finally, the crudest anti-communist organisation of all—*Common Cause*—is examined. It too combines the most strident anti-socialist propaganda with activities which it euphemistically describes as screening "those who . . . might reasonably be expected to be engaging in activities detrimental to the state". Among the members of its joint management committee, and alongside directors of important companies, are a number of ex-military men—Sir Theodore McEvoy, Chief of Staff of the Allied Air Force in Europe, 1956-9, and Air Secretary to the Air Ministry; retired Air Vice Marshall N. V. Ogilvie-Forbes, who was Air Attache in Moscow 1948-50 and Assistant Chief of Staff (Intelligence) 1950-2; Retired Brigadier J. Wedderburn Maxwell, and Brig. George Taylor, who served in Malaya, Korea and against the Mau Mau in Kenya.

Big business, banking, insurance, investment trusts, engineering, electrical companies etc., and some retired members of the "Top Brass" in the armed forces, are all involved in these anti-working class organisations. This pamphlet deserves the widest circulation to make all those active in the Labour movement aware of the machinations of their class enemies.

WORKING CLASS INTERNATIONALISM

From time to time there are outstanding examples of working class internationalism displayed by a Communist Party when its own government and armed forces are engaged in aggressive action. One such famous example was the joint stand taken by Japanese and Russian Social Democrats against the Russo-Japanese war in 1905. The Communist

[1] *Big Business and Politics. The Finances, Propaganda and Secret Activities of Employers' Organisations*, LRD, 20p.

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Party of Great Britain as well has frequently taken a principled stand against the aggressive and counter-revolutionary activities of its own ruling class as in its "Hands off Russia" campaign after 1920, its campaign for Indian independence in the 1930's, against the British war in Malaya from 1948 onwards, against British military action in Kenya in the early 1950's.

A recent striking example of such internationalism is the stand taken by the Communist Party of Turkey in relation to the actions of its own government and armed forces in Cyprus. After issuing an appeal on July 25 at the time of the first Turkish intervention in Cyprus, an appeal in which it took a firm stand in support of the independence and sovereignty of the island, the Central Committee of the Communist Party of Turkey issued on August 15 an "*Appeal to the Turkish Armed Forces*" in which it said, inter alia:—

> "Those who were unable to provide bread and freedom for the people are now equipping them with weapons and dragging them into the misadventures of war. They are trying to secure the system of exploitation and plunder through Martial Law, to suppress the anti-imperialist liberation movement of the people, to divert it from its real course through expansionist aims. The soldiers are people's sons in uniform, they are the peasants, the workers, the working people. The liberation movement of our people against imperialism and NATO is their fight too. The real enemies are those who sent the army to Cyprus, the militarists, American imperialism, and the NATO supporters. To leave NATO, to tear down the bilateral agreements, to abolish the American and NATO bases on our soil are also the main aims of the patriots in the army.
>
> "Patriotic officers, soldiers! Do not shed blood in Cyprus for the sake of the plans of war and the provocations of American imperialism and NATO."
>
> "SOLDIER, COME BACK HOME!"

In response to this appeal the Political Bureau of the Communist Party of Greece sent a message to the Communist Party of Turkey. This message was published on August 22 in its newspaper *Nea Ellada*, issued in Athens. In the course of its reply the Greek comrades said:

> "Dear Comrades,
>
> On behalf of the Communists and the entire people of Greece, the Political Bureau of the Central Committee of the Communist Party of Greece considers it its prime duty to convey to you and your Party our deep pride and joy in view of your call upon the aggression of the expansionist circles in Turkey against Cyprus.
>
> "This call demonstrates that your Party applies the principles of Leninist proletarian internationalism in an exemplary way. Your call is greatly assisting the people of Cyprus in their just and difficult fight to expose the monstrous plans of American imperialists and NATO circles, and to ensure the independence and territorial integrity of the island.
>
> "The peoples of our two countries and the people of Cyprus will achieve independence and freedom, pave the way to social progress only through defeating the common enemy, American imperialism and NATO."
>
> "Dear Comrades,
>
> In view of your fidelity to the principles of proletarian internationalism and solidarity among the peoples we once again express our indebtedness to you with deep sincerity."

SPAIN—THE UNFINISHED REVOLUTION

The interest in the Spanish War 1936-39 *continues and widens—reaching out to new* generations not even born in the "Spain Days". It is said that no less than 14,000 books—1,500 in English—have been published on the period.

But the overwhelming majority of the books printed are badly biased—not only from the to-be-expected right-wing sources but also from the "good on both sides" liberals like Hugh Thomas. *Anti-Communists, anti-*Socialists, anti-democratic elements of all varieties have rushed out books to willing publishers. Even school exams, pushing the literary merits of George Orwell, have helped to spread the lies, distort and destroy the significance of the Spanish peoples three-year-long struggle against the military strength of the world Fascist powers.

"Spain—the Unfinished Revolution"[2] by Arthur H. Landis is one very welcome, well documented effort to break through the distortions, expose some of the lies and show the Spanish war as one of the most significant and glorious episodes in the fight against fascism and for the advance of mankind.

The author quotes many figures from official fascist German and Italian sources showing the enormous weight of troops and arms sent to crush the Republic, arguing that the "Civil War" period of only eight days and ending in the victory of the people, was the prelude to the real war of intervention by world fascism and reaction. The currently peddled myth of non-appeasement and friendly neutrality of Anthony Eden and the British Government is exposed as active diplomatic and even military help to the Fascists.

All but a few of the publications on Spain set out to denigrate and slander the Communist Party of Spain; therefore the treat-

[2] A. L. Landis, *Spain: The Unfinished Revolution*, Camelot, California, USA, available from Central Books for £4.00.

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ment in this book is especially valuable, showing the efforts of the Spanish Communists to maintain popular unity and to direct all the resources of Republican Spain on to the decisive job—the defeat of Franco.

Many young people have been conned into thinking the activity of the POUM and the Anarchists and the Aragon events were the most significant of the war, but these are myths.

The role of POUM and the Anarchists was harmful political activity and military passivity—holding back the mobilisation of the military and industrial potential of Catalania against the Fascists.

In being so strongly partisan, championing so whole-heartedly the Spanish people and showing the connection of their struggle with World War II, the book is a useful antidote to the deluge of anti-Republican material. It can help many young people to get their bearings. But the rather strident tone, a certain unwillingness to admit the objective difficulties or the possibility of shortcomings among even the best and strongest of the people's front groupings, may lessen its impact.

Despite the difficulties, unsolved problems and still undefined attitudes—which after all, affect any interpretation of history—it is of the greatest urgency that other accounts be written from a democratic standpoint so that the true lessons of the Spanish people's fight—still germane today—are made widely available.

THE SOCIOLOGY OF EDUCATION

We are glad to draw our readers attention to a recently published book which is certain to be of particular interest to students and teachers—indeed all concerned directly with schools and education: Maurice Levitas's *Marxist Perspectives in the Sociology of Education*, (Routledge and Kegan Paul, £4.00 cloth, £2.00 paperback).

For the last few years a mass of literature, of very varying quality, has appeared on the sociology of education, while at the same time its study in colleges of education and universities has expanded enormously. Indeed it is true to say that the main ideological issues affecting education today are argued in sociological terms, and that their influence on educational practice is widespread. All the more reason, therefore, both to subject the leading sociological ideas to a profound Marxist critique, and to give a clear unambiguous exposition of Marxist ideas in this field. This is what Maurice Levitas sets out to do, with reasonable success. No doubt his experience as a worker, in the International Brigade and as a teacher has helped him to see things as they really are, and placed him in a good position to unravel the ideological web with which sociologists so often tend to obscure the workings of society.

The book covers a very wide field, but concentrates on issues of current importance. Chief among these is a fundamental critique of the concept of social mobility as the main purpose and objective of the school system. This is an important discussion which strikes at the roots of much sociological thinking and analysis. In the course of it, Levitas submits the ideas of contemporary sociologists (such as Turner and Hopper) to a close analysis; identifies the assumptions embodied in their theories, and submits them to a devastating critique. This book boldly poses the socialist alternative to the narrow conception of education presented by sociologists—who often regard capitalist categories as immutable.

The analysis—and critique—of Basil Bernstein's position on language and educability will be especially welcomed, particularly as the author shows clearly how this approach—and that of Eric Midwinter in more directly practical terms—derives from a relativist position in sociology and leads to the extremely dangerous proposal (now gaining increasing support) that the content and nature of education must be differentiated to correspond with different "subcultures" (that is, with class and status). It is this sort of argument, often presented with a kind of spurious humanity, that is now taking the place of arguments derived from psychometry (mental testing) to justify a differentiated education—in fact, a "lower-level" education for the mass of the working class. Much the same standpoint underlies the arguments of the "de-schoolers" (Illich, Reimer and others) and there is no doubt that these "sociologised" standpoints are having a widespread and deleterious influence on young teachers and students.

But Levitas is not concerned only with a critique; throughout the book he presents the positive alternative—the Marxist approach. Thus it is through his critique of the relativist position that he develops his positive educational strategy, utilising in particular the ideas of the leading Soviet psychologists, Vygotski and Luria, whose experimental work and outlook on language and mental

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development has been thoroughly assimilated.

Enough has been said to indicate that this book is essential reading for anyone seriously concerned with contemporary educational issues. Insofar as it clarifies a wide range of arguments not previously subjected to a Marxist critique (some of which are overtly based on a kind of pseudo-Marxism), it will greatly strengthen the left in the increasingly sharp struggles in education. It will also be of great help to students and young teachers who need to orientate themselves as to their role as teachers, and as to the relation between the struggle for education and for social revolution.

THIRD VOLUME OF BRIAN SIMON'S STUDIES

The first two volumes of Professor Brian Simon's *Studies in the History of Education* have long been standard works on the subject, each several times reprinted. This month the awaited third volume will be published by Lawrence & Wishart[3]. It deals with the crucial inter-war years 1920-1940, in which the ground was prepared for the 1944 Education Act and likewise for most of the problems which have beset educational policies in Britain since the end of the second world war.

In this new book Professor Simon deals with the period when Labour's programmes for educational reform came into conflict with a determined Conservative resistance, and proposed reforms were repeatedly cut back by the call for economies, starting with the "Geddes Axe" in 1921-22. At the same time, real power in the shaping of educational policies passed more and more into the hands of the permanent officials, the top civil service administrators of the Board of Education.

The long-established class-divided system of education was consolidated by the invention by psychologists of the theory and practice of Intelligence Tests, while the privileged position of the public schools, already under challenge, was maintained intact.

Dealing as it does with the twenties and thirties, this book makes fascinating reading. And Brian Simon, who did so much earlier by his books on intelligence testing and the comprehensive school to advance the contemporary fight for comprehensive education in this country, consolidates this contribution in this volume by his full and meticulously researched history of the issues andstruggles which set the stage for the present ones.

The whole three volumes of the *Studies* are now available, in a uniform edition. The first volume, which covers the years 1780 to 1870, has been retitled, in keeping with the two which succeed it, as *The Two Nations and the Educational Structure, 1780-1870.* The second volume retains its original title, *Education and the Labour Movement, 1870-1920.*

ESSEX UNIVERSITY—COMMUNITY IN CONFLICT

Congratulations to the Communist Party Branch of Essex University for producing a pamphlet that throws much light on the complex struggles in that University during 1973-74.[4]

In his 1961 Reith Lectures, Albert Sloman, now the Vice-Chancellor, first outlined the principles around which Essex University was supposed to be built. The words sounded on the surface, fine—one guiding principle, the pursuit of knowledge, with the "academic community" as the uniting factor. What went wrong?

In fact, it is argued in the pamphlet, the high-sounding ideals concealed deep contradictions:—

> "Though social relations were to be egalitarian, power was to be entrusted to the senior academics. Powerful bodies, such as the Senate, were conceived as primarily academic, even though they also had power over catering, housing and social amenities. . . .
>
> "The original idea of an 'academic community' not only meant that power was in the hands of the academics, but also that the whole institution formed one homogeneous community, in which there was no room for autonomous organisations like unions. By its internal structure the University thus became shut off from society, not allowing wider organisations of social control to penetrate its rarified atmosphere".

Analysing the specific structure of Essex University, the authors of the pamphlet proceed to recount in detail the succession of struggles—repressive actions by the University authorities and interventions of the police, student occupations and pickets, solidarity with the Essex students by both the NUS and the local labour movement.

Very valuable is the self-critical discussion of the strength and weaknesses of the

[3] *The Politics of Educational Reform, 1920-1940*, by Brian Simon, Lawrence & Wishart, 440pp., hardback £6.00.

[4] "*Essex University: Community in Conflict*", available from Student Organiser, Communist Party, 16 King Street, London, WC2E 8HY, 36pp., 12p.

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methods used by the students in the conduct of the struggle and, also, the lessons drawn on the role of the Student Union and its General Meetings. Ultra-leftist tactics are again and again shown to have divided the students, and in fact, however unwittingly, helped reaction.

POOR MEN'S GUARDIANS

Lawrence & Wishart are publishing this month *Poor Men's Guardians*, by Stanley Harrison[5]. This tells the whole story of the radical and working-class press in Britain from the time of "Wilkes and Liberty" to the first of the two general elections in 1974.

It is a history, but very topical history. For, as the author remarks in his Preface:—

> "This survey shows that the liberty flag beneath which the Fleet Street baronage operates is a stolen one; and that the achievements of generations of working people's efforts and sacrifices, heroic in many of its phases, requires for their preservation and further advancement a more fundamentally democratic new deal in the ownership and control of the press. Little progress will be made in the people's attempt to command the other heights of the economy and of society, and no advance will be secure, until the power of the Tory dictators of daily news and views is taken from them and replaced by popular forms of ownership and management. The screams of fear and anger with which Fleet Street greets the smallest attempt to limit its archaic prerogative clearly indicate the crucial nature of the issues involved."

If politics is about power, then the press is about politics. And the story of its history interlocks at every stage with political and social change. This is why, as the author vividly shows, the early radical publisher and editor led a kind of heroic life-style, in constant danger and spending much time in prison.

With insight and understanding Harrison, who is on the staff of *the Morning Star*, also examines the situation today and argues for the changes necessary if the real substances of earlier victories is to be saved and extended—the case for democracy which the current Royal Commission on the Press must heed and act upon if it is to avoid repeating the barren proceedings of its predecessors.

THE POLITICAL THEATRE IN THE USA

The left theatre movement in the United States during the inter-war years is well known in this country, especially plays like Clifford Odets "Waiting for Lefty" which were performed in theatres and public halls in Britain at about the same time as their American productions. The movement took in many leading actors as well as influential writers and directors, in fact a whole generation of practitioners at every level in the theatre.

Up until now there has been no comprehensive history available of what happened, a gap that is to some extent filled by "The Political Stage—American Drama and the Theatre of the Great Depression" by Malcolm Goldstein, published in this country by Oxford University Press. Goldstein traces the theatrical traditions of the American left and imported traditions, particularly that of Yiddish drama. The role of Communists like Mike Gold is set out clearly and in addition the book contains many valuable analyses of productions from the mid-twenties to the war.

As a work of reference it will have a place on specialists' shelves for a long time. But the general political tenor of the analysis is weak and the account of the development of the Communist Party's cultural policy leaves a good deal to be desired. His undoubtedly valuable effort in documenting the course of different theatres and productions conflicts with his over-simplifications of the political forces at work and of the attempts of the left to defeat reaction internationally. But for the critical reader who is a student of the theatre of the period it does contain much information not collected elsewhere and reproductions of many rare photographs.

JANOS KADAR

It is good to have available an English translation of the selected writings and speeches of Janos Kadar in the period 1968-72[6].

This is a broad selection covering a diversity of subjects and events—a speech at a factory or at a collective farm, an interview with a foreign correspondent, the major report to the 10th Congress of the Hungarian Socialist Workers' Party, an important intervention at the 1969 Conference of Communist and Workers Parties, an engrossing study of the history of the Party made on its 50th anniversary, or a friendly personal reflective talk on the celebration of his 60th birthday.

[5] *Poor Men's Guardians*, by Stanley Harrison, Lawrence & Wishart, 254 pp., illustrated, paperback £1.95, hardback £4.00.

[6] Janos Kadar—"For a Socialist Hungary: Speeches, Articles, Interviews 1968-1972", Corvina Press, Budapest. (available from Central Books) 404 pages, 75p)

(concluded on page 352)

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Marx and Engels Collected Works

The English Edition in Fifty Volumes

The first volume of the "Collected Works of Marx and Engels"—to be issued by Lawrence & Wishart in a total of some fifty volumes over the next ten or twelve years—will be published on January 10, 1975.

The second volume will follow shortly afterwards, the third in the summer, and the fourth either towards the end of 1975 or very early in 1976.

The Early Works—Volumes One and Two

The first three volumes contain all the early works of Marx and Engels, written before mid-1844 when their lifelong friendship and collaboration began.

Volume 1 contains the early writings of Marx, from 1835 to 1843. First, there are his surviving school essays; then his Doctoral Dissertation on the Philosophy of Democritus and Epicurus, which won him his doctor's degree at Berlin University, together with a mass of notes on the Epicurean Philosophy compiled while working on it; then his early articles contributed to the radical-revolutionary *Rheinische Zeitung*, and then his letters and poems.

Of very absorbing interest here are, first, the writings on the ancient philosophers. These are of double value—to those interested in the history of philosophy, as containing a striking and original contribution to the interpretation of Greek philosophy; and to those concerned with the subsequent development of Marxism, as containing Marx's first approaches towards philosophical materialism and criticism of Hegelian idealism. Secondly, the articles from the *Rheinische Zeitung* are the first products of Marx's interest in practical politics, with their onslaughts on the reactionary Prussian government and championship of the working people. Marx's standpoint is of righteous indignation against oppressive authority in the name of justice for the poor and the oppressed.

Volume 2 contains the early writings of Engels. His letters and articles reflect a different background from Marx—his military training and entry into the family business. They display young Engels' intense hatred and contempt for German "philistinism" in all its aspects, and his strong revulsion against conventional religion. With this, he also shows himself as a very jolly young fellow—and some of his letters are illustrated by clever and amusing sketches of people and scenes.

Of peculiar interest in this volume are pamphlets Engels wrote after he attended a course of public lectures in Berlin delivered by the elderly and very obscurantist philosopher Schelling, who was engaged in attacking Hegel. Unlike young Marx, Engels here shows himself as still a pretty orthodox Hegelian.

The Poems of Marx and Engels

In Volumes 1 and 2 are translations of many of the poems written in their youth by Marx and Engels. Marx's ones contain the more *Weltschmerz*, Engels is livelier and more satirical—especially in a long poem describing in mock-heroic style the mighty battle waged by left-Hegelians (including the doughty Dr. Marx) against orthodox Christians.

Since the volumes were sent to the printers, a previously unknown poetical work by Engels has been discovered in Germany—the incomplete libretto for an opera about Rienzi. Since this could not be included in Volume 2 along with the other Engels poems, it will be printed in English translation as an addendum of Volume 3.

The Works in Chronological Order

In Volume 3 come, as the principal contents, Marx's *Critique of the Hegelian Philosophy of Law*—in which he first began to formulate the all-important Marxist theory of the State; his articles from the *German-French Yearbook* and his "Paris Manuscripts", the *Economic and Philosophic Manuscripts of 1844*. Then follow parallel writings by Engels—his letters from London, his *Outline of Political Economy*, and his articles from the English journals *Northern Star* and *New Moral World*.

Engels' *Condition of the Working Class in England* follows in Volume 4. And in this volume the collaboration of Marx and Engels as joint authors begins with *The Holy Family, a Critique of Critical Critique*, where for the first time a standpoint of consistent philosophical materialism is expounded.

Volume 5 contains Marx' and Engels' joint work, *The German Ideology*, with various manuscripts connected with it—including Marx's eleven *Theses on Feuerbach*. The text of *The German Ideology*, which was never published in Marx' and Engels' lifetime,

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has been re-edited in accordance with the latest studies of the original manuscripts.

There will follow, up to and including Volume 28, books, articles, notes and documents written by Marx and Engels, in chronological order. Practically every volume will contain, besides one or more of the well-known works, much that has previously been untranslated into English, besides work originally written in English which has not before been republished.

Plan of the Fifty Volumes

The whole series of fifty volumes is planned in four main divisions—Volumes 1 to 3, the early works; Volumes 4 to 28, works by Marx and Engels in chronological order; Volumes 29 to 37, Marx's *Capital* and the economic writings with immediate relevance to it; and Volumes 38 to 50, the Correspondence of Marx and Engels.

Marx's Economic Writings

The nine volumes of Marx's principal economic works will include, besides the three volumes of *Capital* and the three of *Theories of Surplus Value*, an entire volume (Volume 37) of hitherto untranslated (and some never before published) manuscript variants of *Capital*.

Volumes 29 and 30 will contain Marx's Economic Manuscripts of 1857-61, which include the great mass of materials generally known as the *Grundrisse* (a useful translation of which was recently published by Penguin Books). The translation of all these manuscripts is being thoroughly revised and corrected according to the latest research in Moscow and Berlin on the original handwritten texts, which has revealed some mistakes and omissions in versions previously published.

The Correspondence

There are no less than thirteen thick volumes of Marx' and Engels' Correspondence to be published —and only a small fraction of all this has previously been translated into English.

The Correspondence includes their letters both to one another and to third parties, some of which are newly discovered and have not been published hitherto. The selections of all this correspondence previously translated have been almost entirely confined to letters, or passages from letters, dealing with current politics or with scientific or philosophical questions. The Correspondence as a whole is immensely rich, revealing Marx and Engels as complete human beings. Some special difficulties are presented to the translators, due to colloquialisms and private (and, on occasion, impolite) jokes.

The English Edition and the Complete Works

These fifty volumes will eventually supply for English-language readers a scholarly and practically complete edition of all the writings of Marx and Engels.

Not absolutely everything they are known to have ever scribbled down will be in here, however. There are scraps of handwritten notes available which it will not be considered necessary to include. And again, the mass of notes known as "Marx's Mathematical Manuscripts", which total nearly one thousand pages of remarks and calculations, will not—as the edition is at present being planned—be included.

Currently, an absolutely complete edition of writings by Marx and Engels, to include everything without exception which has survived, is being prepared by the Institutes of Marxism-Leninism in Berlin and Moscow. Every known variant of every passage will be included, and everything will be published *in the language in which it was originally written* (Marx and Engels wrote in German, English, French and Spanish, and Marx later became interested in Russian). It will be published in about one hundred volumes by Dietz Verlag, Berlin, under the title *Marx-Engels Gesamtausgabe*—or "MEGA" for short.

The initial volumes of the "MEGA" will probably start appearing in 1975—but the end of this project lies far in the future.

The preparation of the English edition in fifty volumes is, of course, greatly assisted by the researches being currently done for the "MEGA". It will enjoy the benefit of the most meticulous and up-to-date scholarship. And its completion will immeasurably advance the cause of Marxist studies, and Marxist theory and practice, throughout the English-speaking world.

Every volume will be provided with an introduction, a full apparatus of notes, and an index. In the end, an index volume for the whole edition will be provided.

A Joint British-American-Soviet Undertaking

Most of the new translations required are being done in Britain, with some undertaken in the USA and some in the USSR. More than half of the total contents of the edition will consist of writings translated into English for the first time. Previously published translations are being rechecked and re-edited, and works originally written in English will, of course, be reproduced exactly according to the originals, subject to correction of printer's errors, etc.

The work of preparing this edition was begun by joint decision of the Communist Parties of Great Britain, the United States of America and the Soviet Union—the first initiative having come from the Communist Party of Great Britain.

It is being jointly organised by Lawrence & Wishart, London, International Publishers, New

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York, and Progress Publishers, Moscow, in collaboration with the Institute of Marxism-Leninism, Moscow. The entire work is controlled by editorial commissions appointed by the publishers in Britain, the USA and the Soviet Union. Together, they compose the team responsible for the edition as a whole, final editorial decisions—on points of contents, translations, notes and introductory materials—being based on full mutual consultation and agreement.

The volumes are being printed in Moscow, under the supervision of Progress Publishers, in English Baskerville typeface on an English-made computer-controlled Linotron machine.

All three publishers have agreed on the design and layout of the volumes, the bindings and book-jackets.

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[1] Readers of *Marxism Today* are asked to place their orders for these volumes now with their usual booksellers or literature suppliers, or to order by post from the publisher's distributors: Central Books Ltd., 37 Gray's Inn Road, London WC1. Cash should accompany orders by post, including 30p for postage.

Readers are also asked to urge that their local libraries should have this edition of Marx' and Engels' works on their shelves, and students in particular to make the same demand of university and faculty libraries.

Max Weber and Karl Marx

John Lewis

In the post-war years, sociology has become an increasingly popular subject. There has been a vastly increased enrolment in universities for courses in sociology. The vexing problems of our own society and our awakened consciousness of crisis and disaster throughout the contemporary world demand just the kind of knowledge that a science of society ought to provide, as medicine shows us the real cause and cure of disease.

Students turning to the social sciences quickly realise that the whole field has indeed been energetically worked and, in basic theory, certain names stand out authoritatively, especially that of Max Weber, who appears to have laid the foundations of sociological enquiry and whose approach and theories are still of the first importance, although he died in 1920.

Weber's importance rests on the fact that he narrowed his field to the principles and structure of the capitalist world, and going beyond its economics and a descriptive account of its structure and functioning, established its philosophy, that is to say its necessity and permanence, how it was based on the very nature of things and of human nature—in his own words, "An inescapable condition of our entire existence". He did this in Germany in the period of upheaval following her defeat in 1918 and the revolution which followed. He supported the counter-revolution of that year and in the post-war years the arena was dominated by the "great" Max Weber's epic campaign against the influence of Marx. Strongly opposing evolutionary optimism and directly challenging the concept of social revolution, he addressed the Officer Corps of the Royal Imperial Army in 1918 on the question of Socialism.[1] Here, he developed his case against scientific socialism with considerable skill on the basis of his knowledge of the orthodox Marxism of the Social Democratic Party of Germany as formulated by Kautsky.

This period in Weber's career culminated in the sociologist's identification of capitalist bureaucracy as the highest social embodiment of rationality. In the development of his theories the doctrine of "value free social science" became the watchword of his sociological method, and remains to this day the basic principle of sociological teaching in our universities. What this means we appreciate when we realise that it directly follows from his formulation of sociology as a science. As a self-contained, law-directed system, it can no more recognise ethical judgments than storms, earthquakes, deadly cold and burning heat can be accounted cruel and immoral by suffering humanity.

[1] Source: *Gesammelte Aufsätze zur Soziologie und Sozialpolitik* (Tubingen: 1974).

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Weber insists that personal views should not be brought into conflict with scientific truth. The scientist who wishes to remain within the world of science must renounce all philosophies and ethical criteria. Value judgments and purely ethical disapproval are powerless in the face of pain. There is no possibility of harmonising economics, politics and morality. Science abhors value judgments:

> "The whole understanding of the fact is halted where the scientific scholar permits the intrusion of his own value judgments."[2]

Weber's Ideological System

We can now understand why in the post-war period of deepening crisis the doctrines of Max Weber are of special importance, and especially to counter and subdue the rising tide of student unquiet and radical feeling. If one characterises Weber's sociology as today an ideology, one does not mean by that deliberate propaganda, but a world view which prevents us from understanding the society in which we live and the possibility of changing it.

This is not for a moment to say that Weber is no more than an apologist for the *status quo*. He was a scholar of considerable erudition with important contributions on a wide range of topics, such as the history and nature of law, bureaucracy, the behaviour patterns of the religions of the world, the relation of Calvinism to the rise of capitalism, the nature of charismatic leadership whether of prophets or fascist dictators. His work on the methodology of research and the study of occupational careers is important; while in the cultural field he wrote with knowledge and insight on *The Rational and Social Foundations of Music*.

He had studied Marxism at Heidelberg with George Lukacs, and spoke of *The Communist Manifesto* as "a work of scholarship of the highest order". He recognised all specifically Marxian "laws" and developmental constructs as invaluable for the *assessment* of reality, but only as useful models, or ideal types; pernicious as soon as they are thought of as empirically valid or as real "effective forces". He saw Marxism always in terms of Kautsky's economic determinism, as was inevitable in view of the importance of the Social Democratic Party of Germany in those times. What he rejected out of hand was the idea of radical change, of society in process of development (of self-development) of the capitalist order as approaching the period of its decline and supercession. As against all this, Weber's sociology is the direct challenge to social revolution.

Weber developed his thought not in the empirical school of simple description and generalisation. He was a disciple of Rickert,[3] the Neo-Kantian philosopher of Heidelberg University, and along with Simmel[4] and Lukacs[5], rejected as inappropriate to the social sciences the generalised abstraction which arrives at scientific laws in the field of nature. They argued that in society you do not have a regular succession of identical sequences of causes and effects as in physics and chemistry, but on the contrary highly individual societies all quite different and not conforming to universal patterns. Therefore, the distinguishing character of each society must be discovered. This can only be by an intuitive grasp of the character of its culture, for only this will give us *meaning* in the sense that it explains a whole social order and what its aims and values and character really are. Thus, each investigation will be a particular or individual study, proper to the society under investigation.

Can There Be a Science of Society?

Kant had already shown that even in the natural sciences the mass of empirical fact would never make sense unless selected and ordered by imposing on them the rational forms of the mind. This was now seen as even more necessary in dealing with the cultural and social life of men. And the forms we use to make sense of society will, of course, be quite different from those designed to give general laws of cause and effect like those in natural science. Nevertheless, there is a procedure used in science that will help us. Here we frequently work with what are called "models"—a construction in which something complex and confused is rendered simple and comprehensible.

Now it is to be understood that a model stands or falls by its *utility* and does not claim to be an exact copy of reality. The model works *as if* it were true; for *if* it were true the behaviour of the phenomena to be explained would necessarily follow. Clearly, such hypothetical models can never be proved to be true; but we hold them as long as they work.

This is a Kantian approach, for Kant held that we can never grasp the thing-in-itself, but only reality as processed and made intelligible by the form imposed on reality by the mind. This is exactly the Kantian approach of Weber. He does not believe that it is possible to know intelligibly the whirling confusion of the facts of social reality. We can only know society if we apprehend it through a model, by imposing on the unknowable a rational pattern of our own devising, which will have to do as long as it works.

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[2] *Wissenschaft als Beruf*, p. 544.

[3] Rickert, H., *Die Grenzen der naturwissenschaftlichen Begriffsbildung*, Freiberg, 1924.

[4] Simmel, G., *Die Probleme der Geschichtsphilosophie* (Leipzig, 1892).

[5] Lukacs, G., *History and Class Consciousness*.

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Therefore, Weber seeks to make sense of the highly individualised form which history presents us with—never to be repeated as phenomena endlessly recur in natural science—by inventing a model or type which seems to make sense of the way people live and act and organise their lives in this particular society. It is a device for systematising and comprehending a mass of otherwise confusing facts and it gives us a conceptual model with which to interpret society. It answers the question of what is really going on. This is a very *concrete* process of discovery; for it fits only this particular group of people—in Weber's case, western capitalist society. Weber was fully aware of the fact that reality itself is not logical, or rational, or ordered. What matters is whether the *model*, with its simplification, its formalisation of reality, is good enough to use for giving us understanding of our society.

This model, Weber explains, is arrived at by abstracting certain aspects from society as he inspects it, and thus making sense of it all by using only a very small selection of facts—those that lend themselves to the type he has imagined. As Weber explains, "culture is a finite sector, cut out of the meaningless infinity of universal happenings, which we have endowed with meaning and significance".[6]

Weber's model of capitalist society provides us with a scientific sociology and at the same time with a philosophy of capitalism establishing it as a permanent system of existence for us and for our time.

Weber called his model "an ideal type". He did not for a moment mean that it was an ideal pattern which capitalism could embody, that it was an aim, a desirable goal. He simply meant that it was a constructed pattern not required to fit the facts more exactly than to be useful. It was "ideal" in just that sense. It remains a mental construct—a model.

A Value-Oriented Model

How does Weber set about the construction of his model? Weber makes it quite clear that he frames his model from his own standpoint and that it is directed by his own values; that is to say, his own preferences. He assumes that this will be the common sense way of doing the job, and when he has constructed his model he assumes its complete objectivity. But it is only objective from his own very special standpoint.[7] Remember his position as a member of German society in an Absolute Monarchy largely controlled before 1918 by the Junker nobility and the military, and essentially, as far as he was concerned, an upper class society. He necessarily sees the world from the accepted standpoint of that class. He himself calls this procedure "value oriented", and we know what those values were.

As he explains, he is by no means *describing* reality, he is imposing a rational pattern on it. This enhances and sharpens the individuality, the uniqueness of the facts he examines. This preserves the distinctive quality of this special form of society, while explaining it in general concepts covering all societies would miss this. Weber avoided general theories of society from which each individual society can be deduced, and rejects all theories which begin with a conception of society as a whole and show particular societies as emerging in the course of history as the manifestation of some evolutionary principle. His method is deliberately an *individualising* one.

By analysing the existing system to show its internal structure, its motives, its consciousness, its own logic, he creates the model of a rational order within the framework of its goals and methods, a model, therefore, covering all that its members think and plan and strive for and do. This Weber calls his "Action Frame of Reference", and it is an approach well known to Marxists and a necessary one. The essence of man is social and the essence of society is action, patterns of goal-directed behaviour, and interaction. But for Weber all this has nothing to do with the ethically desirable, or with meeting man's essential needs.[8]

It is a system in which production is carried on not by rational control for social ends, but by contractual relations of groups and individuals who calculate the most profitable course of action and employ their resources as that calculation dictates.

One of the most important consequences of creating this model is that the system with its laws sets very definite limits not only to what we can do, but to what we can think. It sets the bounds of our *potential consciousness;* of what we can know as real, of the *objective* possibilities of our world. Now, this is by definition the world of the German bourgeoisie in a capitalist society. The model is of their world. As we shall see, from this standpoint a great many things cannot be understood at all. Not because they are too difficult to comprehend, but because they are not comprised within the universe of discourse of this model. Above all, the bourgeoisie cannot understand the class relationship on which capitalism is based as a form of subjection, nor is it possible for them to conceive a radical reversal of this mode of production. Weber is emphatic also in declaring that any criticism of the model as falling short of the achievement of human values is inadmissible. Within the model, only its own values

[6] Von Schelting, A., quoted in Weber's *Wissenschaftslehre* (1934).

[7] Shils, E. A. and Finch, H. A., *Max Weber on The Methodology of the Social Sciences* (1949).

[8] Weber, *General Economic History* (New York, 1966).

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are conceivable.

One important consequence of this procedure has to be noted. The whole method is unhistorical. It gives an interpretation only of the existing facts, which are now fixed in a logical pattern, in a formal typology; and this precludes change. No such fixed pattern—and it is to precisely that that our knowledge is limited—is capable of change. Change belongs to reality, and that we do not know.

This is an aspect of Weber's theory that is often overlooked. The ideal type is not a picture of objective reality, it is not an empirically derived theory. If it were, we could always correct it by further observation. But Weber's Kantian position insists that we cannot directly observe reality. All we know and can know is reality filtered through the grid of the model. The model, therefore, becomes for us *all the reality there is or ever can be.*

The Construction of Weber's Model

How, then, does Weber set about constructing his model? It will not be by induction from the empirical facts as in the natural sciences, but by the *individualising* insight, suggested by Rickert and Dilthey, that seeks to grasp the spirit of each particular society, its motivation, its goal, its aims and methods, its behaviour patterns. His imagination seizes on two important ideas, or ideals: the first is the spirit of *rationalisation;* the second, remarkably enough, is *the spirit of Protestantism* as a highly individualistic religion with an ethic which exactly fits the spirit of capitalism.

1. Rationalisation[9]

Weber sees the whole of western civilization beginning with the scientific discoveries of Galileo and Newton as for four centuries moving in the direction of measurement, of calculation, of rational system; not only in science, but in law, government and, above all, in economics and a rational economy. As this rationalisation permeates the whole of life, it takes the form of a progressive intellectualisation. The world becomes the artificial product of man who governs it as one controls a machine. Hence, the ascendancy of technology and specialization. When it reaches the world of economics and business it rationalises trade and exchange, it develops accountancy, it discovers what Weber regards as a major event, "double-entry book-keeping". There appears the science of economics as the law system of the modern world, having the same validity as the laws of nature—a *second* nature, in fact. Thus, society is completely transformed from the romanticism of feudalism to the rationalism of capitalism.

[9] Weber, *Sociology of Religion; Theory of Source and Economic Organisation.*

2. The Protestant Ethic[10]

This rationalisation enters social and economic life through the ethics of Protestantism, which replaced the emphasis on the community and its needs characteristic of Catholicism by a new system of individual responsibility, dedication to work, self-denying thrift, and the right to the personal property one has worked for, which is at one and the same time the spirit of capitalism and the Protestant ethic. Without this change of ethical attitude, derived from this new religious point of view, the coming of these new motives and modes of behaviour would not have been possible.[11]

A Value-directed Model

Weber thus constructs his model on the basic values of capitalism, on men's behaviour patterns in a capitalist society, on the goals they seek, on their motives, and on the courses of action they actually follow and may be presumed to follow. On this basis, we may chart the logical possibilities within the ideal type or model, and this maps the whole field of potential consciousness. Men act as reason directs them to do in pursuit of their economic ends —value-directed action within the structure of a society (its economy) organised for this purpose. In other words, men's actions are directed and limited by their place in the capitalist economy and the laws of the market, and by the values of that economy.

This rejects all courses of action which are ethically desirable in themselves (apart from economic determination), or which seek to meet man's essential needs, or promote progress. Rather, Weber classifies the types of behaviour which explain the *actual course of action* in a capitalist society.[12]

The Capitalist Model

The capitalist world is defined, therefore, by its motives, which are exclusively pecuniary, all behaviour is based on the expectation of profit in investment, manufacture or sale. It is therefore the world of the market whose laws of supply and demand, profit margins, labour costs, etc., we accept. Within it, strict accountancy controls every activity. Industry is independent of the satisfaction of human needs, but is based on the income-yielding factor alone.

Weber first draws attention to the class structure of this society in which the *business man* operates a system of industry in which he holds the monopoly

[10] Weber, *The Protestant Ethic and the Spirit of Capitalism.*

[11] Aron, R., *German Sociology*, p. 95

[12] Weber, *Theory of Social and Economic Organisation*, pp. 112-118, and Talcott Parsons, *The Structure of Social Action.*

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of ownership and control. Thus, society falls into two classes, the owning and controlling class, and the labourers dependent on the owning class hiring them for an economic wage; for essential to the system is the fact that they no longer own, as they did in pre-capitalist society, their own tools as craftsmen, or land as farmers—their means of subsistence. They are therefore "free" in the sense of being available as labourers for the industrial concerns of the owning class. By "free", Weber explains that he means the existence of a class that "economically, under the compulsion of the lash of hunger", is forced to sell its services.[13]

This is immediately recognisable as the world of the economist. It is the system of laws and possibilities set down in the standard text-books. It is a great deal more than that—it is the real world of the financiers and leaders of the business world, of the Stock Exchange and the business supplements of the daily and weekly press. People live and work and have their entire being in this world. Its decisions, based on the fundamental laws of the monetary system and the market, create devaluations and inflation, expansion and contraction of the economy, employment or unemployment, boom or slump—and when a slump, then the means taken to overcome it, however costly in unemployment and collapsing markets or what other drastic remedies are required by the laws of the market.

We thus move from academic theory to business world; and this takes us to Weber's philosophical conception of this model being far more than a hypothesis, or working theory. It *is* the world as it is and must be for us; and this is the only possible world.

The Money Game

In science, we use the concept of "the model" to clarify complex theoretical explanations, as for instance by the various models of sub-atomic structures or by the Wave model for light, which also needs a Particle model for some phenomena. Weber's "ideal types" are the models he uses in sociological explanation, and they are extremely useful. Now Wittgenstein has introduced a further concept of this kind, which has come to be called "the *game* theory". There are various activities, familiar to us all, which we have always known as games, like cricket, chess and golf, and for each there is a set of rules constituting its special rationale or logic. We may extend this conception to other organised activities, each with its own special objectives, way of thinking, standards, special concepts *and language*. Each game is for its devotees a sort of world, and its form of life is understood only by those who are absorbed in it. This is true of many departments of culture and the arts, such as music, painting, jazz, ballroom dancing, folklore. In each case, if we want to understand what those who engage in these forms of life are talking about, we must learn the language of that game and its rules.

Both Marx and Weber have made us conscious of the bourgeois world, its concepts and values, its rules, its entities. This highly specialised world is *reality* for capitalist man, and of course he would like to think that it is not only his world but *the* world, ultimate reality. Weber knows better. It is not reality: it is only reality known through the grid of an ideal type, of a model. It is reality *for capitalist man*—that is to say, his *ideology*.

In other words, it is a constructed type or form of life, a model, a game. It is the game played in the capitalist world; in fact, it *is* the capitalist world. The capitalist knows no other form of life, no other model, no other game. This game is his life. By its rules he thinks and lives, and he cannot think in any other way—it is folly not to think in that way.

One other thing has to be said about this form of life, this model of living, this life game. Its basis is its motivation for action, and that motivation is found in its interests, which are pecuniary, and these are its values. And as a way of life it has no other values, just as for football the determining value is the goal, for chess the King in checkmate, for cricket runs. So for the money game the values are perfectly well known—they are profitability, the price of our sale above the cost of production, the maximum return on our investments.

A Value Free Economy

Why, then, does Weber speak of a "value free" system? Not because it has no values of its own. It very definitely *has*. But for this very reason it is totally irrelevant to judge it by an *outside* morality. Once again, Wittgenstein's "game" theory helps to make this plain. Capitalist society is constructed simply to play "the money game". It is, therefore, beside the point to introduce the rules from another game, such as the moral rules of our subjective preferences; just as you must not blame the centre-forward for getting the ball away from his opponents and, contrary to their desires, taking it up the field and into the net. Nor must you blame the Knight in chess for taking the Queen—a most discourteous thing to do. Nor must you complain if economic law bankrupts one man, drives other to redundancy, raises prices to the consumer, beggars the farmers who have produced too much and created a glut.

Weber insists that we must not admit value judgments to distort our thinking. "The whole understanding of the fact is halted where the scientific scholar permits the intrusion of his own value

[13] Weber, *Wirtschaft und Gesellschaft*, p. 60, cf. *Theory*, p. 213.

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judgments".[14] Whoever lacks the capacity, he says, to put on blinkers may as well stay away from science.[15] By its very nature, science abhors value judgments. The sociologist's job is to analyse the structure of society, the nature of its economics, its laws, its politics, and not to play at being a social reformer or attempt to lay down the law as to the best form of society.

The position is well illustrated by the complaint of Professor Hayek of the London School of Economics that people constantly complain when the requirements of the market economy run counter to reason and humanity. The individual must learn to submit to the anonymous and seemingly irrational forces of the market and "adjust himself to consequences which may very likely profoundly affect his fortunes and opportunities". "The craving for intelligibility produces illusory demands which no system can satisfy".[16]

Weber is aware of the fact that the rational working of the system, which he calls "formal rationality", often results in consequences which are unfortunate and undesired—this he characterises as "substantive *irrationality*"; and we have got to put up with it. It is the unfortunate feature of the working of rational economic laws! When this sort of thing happens in science we question the theory, and find a better one that gives us not only *formal* rationality but actual, *substantive* rationality, as when we gave up the perfectly rational astronomical system which made the earth the centre of the universe because it left too much outside its rational system, and adopted the Copernican system that was both formally and substantively rational. But this you cannot do with Weber's model, because it is not a theory but the ultimate reality accessible to our knowledge, so you cannot alter the model—it is the world as it is for us.

Weber's World and its Value Games

It is very difficult for us to see that Weber's model is for him (and, he believes, for us) literally *all* we know or can know of reality. That being so, we have to accept its laws and formal rationality, just as we do those of any closed system like physics, or any formal game like chess.

But we may legitimately call in question *the game itself* and Weber's theory that the model is all we know and can know of reality—his Neo-Kantian theory which denies that we can ever know reality as it is in itself. We object that after all this capitalist scheme of things is a human construction (based, as Weber admits, on his own capitalist and bourgeois values and pre-suppositions—to use his own phrase, "a value-oriented" model). *We* see it as a theory about the reality we *do* know. It may well be a good theory about present capitalist reality, but is not that reality itself in process of change? How does it change? Is not man continuously engaged in changing his world by his inventions, his discoveries, his economic activities, his control of nature? If we find a particular method unsuitable or even harmful, we can surely abandon it for a better one. *And this is not taking our moral standard from outside.* The system itself is inside our world in which we created it to serve our purposes, and which we can reject if it no longer serves those purposes. The world is in transition from the imperfections of the system we make and then reconstruct. *We* are the agents of change, and *we* are the judges of each new economic system which we try out. The neutrality theory of a value free economy treats man as the helpless inhabitant of an objective structure to which he must submit. We simply point out that *he made* that structure, and he is valuing all the time, and creating in terms of his values.

A Disenchanted World[17]

Weber—with his friend Simmel, another Neo-Kantian in the Heidelberg Group—is perfectly

[14] *Wissenschaft als Beruf*, p. 544.

[15] Gerth and Wright Mills, *From Max Weber: Essays in Sociology*, p. 125 (1946).

[16] Hayek, F. A., *Individualism; True and False* (1946).

[17] "Science as a Vocation" in *From Max Weber*, p. 155 (1948) and Freund, *The Sociology of Max Weber*, pp. 24, 25 (1958).

Two pamphlets issued by the Communist Party containing selected contributions to discussions in *Marxism Today*.

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aware that the world-for-us, the ideal type which comprises our world, the world of the money game, is an unhappy and distressing affair. There is nothing in their attitude of the complacency and self satisfaction of their successors in our time. For the Neo-Kantians, human life as seen in terms of the model becomes a tragic vision. Reality has become dreary, flat and utilitarian, Weber says, leaving a great void in the souls of men. Rationalisation has stripped the world of dreams. Above all, it is the individual who suffers; Simmel declares that the deepest problems arise from the claims of the individual to preserve the independence and identity of his being against the superpower of society.[18]

The fate of the individual under capitalism, as Weber sees it, is determined firstly by the necessity of a "free" labour market, secondly by the overall rationality of the profitability requirements, and thirdly by the rational organisation of society under capitalism.

The Free Labourer

There are three pre-conditions for the appearance of capitalism:

> (*a*) The accumulation of capital in the pre-capitalist period.
>
> (*b*) The new ideology of the Protestant ethic which creates "the spirit of capitalism", with the emergence of the entrepreneur.
>
> (*c*) The separation of the masses from their means of subsistence and their ownership of the land (peasantry), and of their tools—machines, looms (the labourer).[19]

The separation of the workers from the means of production has become a necessity in order that the direction and control of industry may be under the authority of the responsible capitalist owner. It is also necessary, Weber points out, for the organisational discipline of the workers. The subjection to work discipline involves effective *domination* by the rational system and its owners and controllers, controlling men, factories, resources, investment and the direction of industry (*what* is to be produced). And the whole process, being controlled by the principle of profitability, is essentially value free—that is to say, it is not directed to the satisfaction of human needs or controlled by any humanitarian consideration. This is the culmination of what Weber calls "formal rationality".[20]

Rationalisation thus moves from the organised capitalist system and its inescapable economic laws to the rationality of domination. Capitalism, for Weber, thus appears as the technological domination of man.

Bureaucracy

One of Weber's most important studies is his discussion of the bureaucracy that is the necessary instrument of this rationalisation.[21]. He is by no means happy about this, but capitalism demands it (and does so to an ever greater degree as it develops in the direction of monopoly, State capitalism, and governmental control, opening up a pessimistic perspective of global bureaucracy, replacing the evolutionary optimism of the early days of capitalism). Weber clearly envisages the basic change from unregulated free enterprise to a system more heavily managed and guided both by large private economic organisations and by the State power of the same owning and organising class:

> The dependence of the material fate of the mass on the continuous correct functioning of the increasingly bureaucratically organised capitalist organisation increases continuously, and the thought of the possibility of their elimination becomes ever more Utopian.[22]

Towards an Irrational World View

Weber and Simmel had both recognised the element of alienation involved in their rational social order—the dehumanising effects of capitalism on the human personality—so fully and eloquently described by Marx in all his works from the *Manuscripts of 1844* to *Capital*. But for Weber "substantive irrationality" was incidental and had to be put up with as inevitable if the internal values of the system (profitability) were to be attained. If production were to be directed to satisfy human needs, this would be an outrageous and totally illegitimate invasion of the aims and values of the directing capitalists. The *only* effective value determination in the system must be the motivation of the individuals concerned—that is to say, of the owning class—and that motive is wholly pecuniary. All this is irrespective of which human needs are involved, although the economy has to pay wages and has to satisfy some market or other.

Whatever satisfaction of needs results from the economy depends wholly on the profit opportunities of the capitalist. These often require a cessation of production in order by such restriction to get prices and profits moving upwards again.

But the developments of their system from the period of free competition prevalent in Weber's time to the complex and increasingly authoritarian

[18] Simmel, *Die Groszstäte und das Geistesleben* (1903).

[19] Weber, *Theory of Social and Economic Organisation*, p. 215, also pp. 185 and 186.

[20] Weber, *On Law in Economy and Society*, pp. 63-64.

[21] Weber, *The Theory of Social and Economic Organisation*, p. 407. See also Freund, *The Sociology of Max Weber*, pp. 236 and 239.

[22] Weber, *Gesammelte politische Schriften*, p. 151.

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economy of highly rationalised industry, which Weber anticipated, leads to a qualitative change in the degree of irrationality. This is the rationalisation in which reason reveals itself as irrational. In our time it is becoming plain that an unplanned economy without socialisation of the means of production cannot be other than irrational, and cannot reconcile the interest of the owners and the general interests. It reaches eventually, in our time, a state of affairs which makes nonsense of the justifying theory (not of Weber, but of empirical economists) that capitalism maximises social utility.

The Reified Mind

In the world of Weber's model, men see themselves as necessarily driven by the economic motive and as members of an acquisitive society of competing individuals. Thus is brought into existence the inexorable laws of economics. Among the whirring wheels of this mechanism he lives his life. The limiting constraints and compulsions of the economy become for him like the laws of physics, of aeronautical mechanics.

Questioned as to their authority, he will refer to the law of supply and demand, or to the requirements of growth, or to the competition that eliminates the less efficient, *as if no further questions need be asked.* Like the Far Eastern enquirer who asked what the ultimate basis of the world was: "It rests on the back of an elephant". And then? "The elephant stands on a tortoise". At which point the enquirer is completely satisfied. So when the economy involves us not in an occasional anomalous and passing crisis, but enters the period of permanent crisis, and when the laws of the market bind us over to chance, to wars for markets, to unemployment, and we are whirled like leaves on the gales of economic recession, first driven into the mass-production factory and then made redundant by automation, or the collapse of the consumer market, or Japanese competition, having been told that this is due to a rise in world prices or whatever, and then that this depends on "supply and demand", people feel that at this point we must be satisfied and ask no more questions. "The elephant stands on a tortoise", so that is that.

What has happened is that the free operation of the pecuniary motive has set in motion a number of blind impulses, and even if these are now grouped all this does is to unite them into a more powerful but still blind force—blind in that its motivation is indifferent to social consequences. This freedom now results in total unfreedom—our total subjection to the rationality of market laws creating a maximum of irrationality in the blind results and uncontrollable destructiveness and paralyses which follow.

We cannot help ourselves. Irrational economic forces are in control. There is insanity in this. As a desperate critic asked when we were burning wheat in the 'thirties to get the price up again, in spite of massive poverty everywhere in the world: "Would a maggot starve because the apple was too big?"

Lukacs speaks of the menace of economic law as threatening us with "an ossified impenetrable thing alienated from man, with a denial of progress", of "the paralysed, almost hypnotised, mental state as a petrified factuality in which everything is frozen, persisting in its unchanging way, precluding any theory to throw light on it at all".[23] Yet to those who think in this way this rests on a foundation of reality and of philosophy that is perfectly self-evident and immune from every doubt.

A Paralysing Ideology

Marx sees this as an ideology, as a false consciousness that, failing to see beyond the immediate present, treats as a permanent feature of reality what is really only the effect of *a particular phase* in social development. But history is the record of the unceasing overthrow of the objective forms that shape the life of man.

In the first volume of *Capital*, Marx contrasts the realism of Robinson Crusoe who sees all his productive work in strict terms of rational production of utilities. His economic vision is *transparent*, says Marx. We, on the contrary, see nothing in the realm of industry and the economy except in the distorting concepts of a reified ideology which so far from being transparent is *opaque*. Or, to change the metaphor, is upside down as in the picture of a *camera obscura*, as the image in the photographic plate.

That is why no social progress, no solution of these problems is possible merely by trying to force rational results out of an irrational system. Neither votes nor strikes nor revolution can do that. Along with social struggle must go the defeat of an obstructive and paralysing ideology which will make clear to us that:

> "such reflections of the real world will not disappear until the relations between human beings in their practical everyday life have assumed the aspect of perfectly intelligible and reasonable relations between man and man, and as between man and nature. The life process of society, this meaning the material process of production, will not lose the veil of mystery until it becomes a process carried on by a free association of producers, under their conscious and purposeful control".[24]

Weber's fundamental position, however, is that our potential consciousness, the limits of objective possibilities for us, is fixed by the conceptual forms of capitalist society. That being so, the bourgeoisie

[23] Lukacs, *History and Class Consciousness*, p. 184.

[24] Marx, *Capital*, Vol. I, Chap. I. *The Mystery of the Fetishistic Character of Commodities.*

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cannot see that the whole system rests on the pattern of social relationship which takes the form of an owning class using the labour of a propertyless working class; nor can they see the riddle of capitalist irrationality as a riddle and not as an ineluctable fact. The bourgeoisie and the working class see the same capitalist reality, but the bourgeoisie is imprisoned within it. Is it not the destiny of the working class to go beyond it? Is not their potential consciousness such that they can escape from the mental bonds which are inescapable to a class whose interests are bound up with the preservation of the existing system?

For the working class the reverse is the case; it is a matter of life or death that they become aware of the real situation, and of the practicability and the necessity of carrying the historic process on to the next stage. To the bourgeoisie the rational control of production in terms of use is so completely beyond the range of their potential consciousness as to be wholly Utopian and absurd. The future depends on men who can penetrate the obvious which is false and formulate the paradox which is true.

Weber on Marx

Weber had learned much from Marx and largely accepted his account of the functioning of the market economy and the inevitable alienation of the commodity mechanism; but he rejected Marx's historicism both as showing how capitalism arose, how it reached its limits, and how it could be transcended.[25] He does not explain capitalism historically but by a static model of things as they are at the moment. (He does, in fact, look for the immediate antecedent conditions for the appearance of his model in (*a*) the capitalist spirit created by Protestantism, and (*b*) the existence of mass of free (disinherited) labour.) Nor, of course, can he accept the development of capitalism into the stage of anomalies and irrationalities beyond those he admitted as existing in the relatively stable capitalism of his time. A model, by definition, does not develop and it is the model that is reality known to us.

Nothing was more alien to Weber than a general law of development showing how humanity passes necessarily from stage to stage. Nor is Weber convinced that capitalism necessarily falls by reason of inevitable economic collapse, or that the increasing misery of the workers will compel them to revolt.

This clearly indicates that Weber was only acquainted with the somewhat stereotyped Marxism of the German Social Democratic Party before the 1914 war.

(1) Marx repudiated the interpretation of his views represented by those who, as he says, "metamorphosed my historical sketch of the genesis of capitalism into an historico-philosophic theory of the general march of history". This Marx declared to be impossible. You may read through the whole of Marx's works and you will never find anywhere the formulation of laws of irresistible social development built into the very nature of society.

(2) Marx never saw the end of capitalism and the coming of socialism as due to the inevitable collapse of capitalism and independent of the will and intelligence of man. There is always a way out of crisis at the expense of someone, and always only to create a further and deeper crisis. And if a rational way out by changing the basic structure of society is not discovered and implemented the end is not socialism "but the common ruin of the contending classes".[26]

(3) Nor did Marx base his theory of transition on "the increasing misery of the working class", and their inevitable revolt. While insisting on the necessary reduction by capitalism of wage costs to the minimum in order to maintain profitability, Marx always pointed out that trade union organisation and political pressure were countervailing forces. Marx rejected Lasalle's "iron law of wages". But he made it clear that the growing contradictions of capitalism constituted an increasing threat to the welfare of the working class, whose future depended upon their taking the necessary steps to introduce a rational economy controlled by the interests and will of all not by the sectional interests and domination of an elite.

Marx's theory of historical development is not any form of economic or any other kind of determinism, neither is it necessary and inevitable, a process of straight-line development throughout world history. Following Marx's brief summary in the Preface to the *Critique*, the general method of social change can be described as:

> (*a*) The formation of social relations of production which correspond to a definite stage of development of the material forces of production.
>
> (*b*) The periodic development of conflict between the forces and relations of production.
>
> (*c*) The "epoch of social revolution" in which the relations once again adjust themselves to the level of the forces of production.
>
> (*d*) This general analyses does not imply any statement about specific periods, forces, and relations of production whatever.[25]

When, as today, the social and economic pattern has not been brought into line and made appropriate to the enormous potentialities of modern industry, but instead frustrates and fetters them, the world is vexed with irrationalities, obstruction, conflict and

[25] Weber, *Speech for the General Information of Austrian Officers in Vienna* (1918).

[26] Marx and Engels, *Communist Manifesto*.

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confusion; with an immediate reflection in the mentality of our age, its philosophy, its literature and, of course, its sociology.

Sociology at the End of an Epoch

There is no greater mistake in the study of phenomena than to treat as static what is essentially in process of change. This was the fault of both classical and medieval thinking and it gravely affects contemporary social thinking. Modern thought, both in science and every sphere in which the organic is the subject, sees process and change as an essential part of reality, and in no field is this more evident than in history. Put philosophically, we declare that "Becoming is the truth of Being". Developing tendencies constitute a higher reality than the empirical facts of the present. An obvious illustration is the fertilised egg whose present structure and constituents give no indication of its real nature and subsequent development. If we halt in the present we shall be trapped in the frozen form of an earlier stage, and helpless before forces thrown up by events. To go beyond the present, however, is not simply to affirm a better world in Utopian fashion, which would be futile. It is rather the discovery of a potentiality and a ripeness that opens the way to the future that is the crucial factor. Applied to society, it means that the categories and laws of the present are not permanent but only the necessary structure of bourgeois society *and its reflection of life*; and society a system of dynamically changing relations.

Both Weber and the sociologists who only describe and generalise upon the immediate present see it as if it were a universal and timeless picture of the human condition. The question is not are these the facts? Do these laws now operate? The facts *are* so. The laws *do* operate. The ideological error is to assume that this is all; to stick to this point. The sociologist is himself an example of Weber's own law of the limitations of political consciousness. His range cannot extend beyond the model of existing society, its categories, its entities and its laws. Hence, contemporary sociology will be found to eliminate the historical elements and limit itself to sociological description of structures, institutions and functions; to accumulate data and make empirical generalisations of particular situations; to stop short at non-explanatory classification.

As a purely descriptive science sociology becomes not only ahistorical; unconcerned with social progress on the one hand and origins on the other, so that the whole of concrete reality, historical and social, tends to disappear completely, but it also indicates an increasing lack of interest in basic theory.

Sociological interest, when limited to the facts, is, of course, hostile to all failure to conform to existing rules and conventions. Dissent and unrest, criticism of the system, for the modern sociologist, does no more than raise the problems of psychological readjustment and the treatment of "deviants". The work of the sociologist turns out to be to maintain the system which reflects their model, their presuppositions. Professor König of Cologne defines sociology as an enquiry into "the process of the social auto-domestication of humanity".[27] The essential problem is the adaptation of individuals to existing society, and not that of historical change and social development.

If science is the study of *process*, would not the desire to understand reality require the courage to break with all conscious and implicit pre-suppositions and all rigid categories? But, on the contrary, if we examine the standard university textbooks, we find an almost total neglect of social change other than adjustment to secure equilibrium and development within the limits of existing structures. Bienstedt admits that "sociology does not possess a solution to the vast and complex problem of social change".[27] Talcott Parsons writes, "a general theory of the process of change of social systems is not possible in the present stage of knowledge".[28] As a result, says Lipsett:

> "Sociology becomes emancipated from philosophy, less problem-oriented, less vital, less concerned, less committed, less historical, less humanistic, more sterile, and more conservative politically".[29]

Professor Gellner's comment on this whole situation is that "Systems of thought which are constitutionally unable to perceive change, let alone understand it, are worthless".[30]

The Ideology of Cultural Despair

Despair and pessimism have their origin both in the inadequacy of the individual as the result of his own development, and in the frustrations and irrationality of the life he has to lead in a distracted and fragmented society. There is no escaping the fact that insofar as consciousness reflects social being, a sick society creates sick souls.

When a society is stable and confident and serves its historical function the ruling ideology will support and fortify its theoretical bases and its institutions. When that society has reached the period of its dissolution, its decadent classes will develop an ideology denying all essential value to present reality, and pointing to impotence and renunciation as our fate. Parallel with the decline of capitalism comes the literature of despair and the

[27] König, R., *Soziologie Heute* (Zurich, 1949), p. 121.

[28] Talcott Parsons in *Modern Sociological Theory* (1957).

[29] Lipsett, S. M., *The Setting of Sociology in the 1950's*.

[30] Gellner, E., *Thought and Change*.

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theatre of the absurd; the negations of existentialism and the pessimism of the poets. . . . Of course, they are justified in their rejection of the present world, their misfortune is that they are stuck fast in immediacy and in spite of their insight cannot see reality critically. These writers mirror the reality around them too directly, too reflectively; they remain within the frontiers of bourgeois experience and cannot see, therefore, their world whole and in process of development.

Weber and the End of His Age

Weber was well aware of the basic irrationality that flowed from the formal rationality of capitalism; he was aware that his ideal type was built upon domination, and issued in the subjugation of the masses to an increasing bureaucratic dictatorship. But he saw this as a permanency. He did not envisage the ultimate consequences of that subjugation of mankind to a ruling class whose aims were purely commercial, and excluded by definition all concern for human values.

Weber defined himself as bourgeois and identified his work with the historic mission of the bourgeoisie. Throughout his career he joined forces with the most reactionary representatives and was welcomed by the military caste as their ally. He was the open enemy of the radical intellectuals, and his theories led him to the open support of German imperialism. The unfolding of capitalist rationalisation, the frantic development of productivity, led to the release of destructive forces. All this is implied in his conceptual scheme as inexorable, final, and in the last resort negative:

> "Life freezes, as it were, into cold hard forms, while in reality it is both humanly alive and historically in flux. A mentality which can take in neither the human character of the social world nor yet its historical quality is manifestly condemned to miss the true meaning of reality".[31]

Weber is right in declaring his model to be a human construct, but in fact used to prove and falsify the present social system as reality, for us, instead of seeing it as a particular stage in social development. Every society creates such an ideology to explain, justify and defend what is for its theoreticians the only conceivable society.

Weber has never come in sight of a self-changing world, made and remade by man. He cannot see his society as a phase in man's creation of his world and successive civilisations. This explains the limits of his model and his hostility to history and the development of reality. Weber cannot see this is because it calls in question the finality of capitalism. We, on the contrary, see capitalism not as the only model that is and as constituting the framework of reality, but as a historical phase, beyond which society is rapidly moving.

The Return to Reality

The inescapable fact that the capitalist model has ceased to be an adequate conceptual scheme to describe economic and social reality is forced upon us by its substantive irrationality (Weber's own phrase), its contradictions and anomalies. In spite of its assertions that it must be value free, the indignation and resentment at the violation of human values bring in question the validity of its own system of moral rules, the inherent value of capitalism itself—hitherto regarded as absolute and unquestionable.

What all this suggests is a philosophical critique of the tyranny of the conceptual model. The Kantians declare we cannot know reality historically and directly. But is that the case? If we cannot, then indeed we have only our own conceptual model. But if so, whence the shattering blows and questioning that attack our model from every side if not from reality?

Suppose, instead of stopping at the concept and the model and this impenetrable veil separating knowledge from the known, we adopt a new understanding of how we know the world, and say that man does know the world by active manipulation and utilisation of his environment, that he knows through use. If so, his knowledge is related to the level of his understanding of nature and of his methods of controlling it, that is to the level of his scientific, agricultural, technological achievements, and the successive forms of human association and organisation which he has devised to make the best use of his means of controlling nature.

If this is so, then the economic system and the social institutions of any age are created by man to serve his purpose. Clearly, they have no finality, and will be altered, improved or abandoned for a better scheme of things, as this is made necessary by new advances in geographical knowledge of a widening world, in agriculture, in communications, in industry and science.

Weber deals with capitalism as a *theoretical* reality, Marx deals with capitalism as the theoretical reality *of a particular period*, achieving an immense advance in that period but then passing beyond itself. It is an *historical* reality. Capitalism appears as an unrealised model, as a sketch of the future—at that moment, history moves towards it. Next, it appears as the model of society in full function, capitalism as realised. Finally, it appears as something being modified out of all recognition, as being left behind. We have moved beyond the model. It is no longer an historical reality. The limits for the best use of our productive power under this system

[31] Marcuse, *Industrialization and Capitalism in Max Weber* (in "Negations", 1968).

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have been realised; that being the case, society has moved beyond the point at which the capitalist model is a useful schematisation.

The Logic of History

The logic of society for Weber is the structure and function of the present—or, rather, of the present capitalist society as it was for him: for Hegel it was the real meaning behind the apparent irrationality; but for the historian it is the understanding of man's development and the construction and reconstruction of his world. History is the history of the unceasing overthrow of the objective forms that shape the life of man. We have to see the world not as fixed essence but as a process, then we can understand how these apparently final forms came to be and can be superseded. We see history as a series of social and economic forms, and their institutions and their modes of thought. We see, too, how each sees its institutions as paramount and its ideas as final truth; in other words, the wide complex of thinking and feeling, including the economic, legal and political conceptions make up a sense of ideologies—which means that there is not *one* truth for man, as each system in turn has thought. Change arrives when the development of one particular social and economic order creates possibilities that it cannot realise, because the laws of its own working impose fetters upon rather than facilitate and foster these realisations. As Lukacs says:[32]

> "The sparks produced by the collision of your head with the wall will show you that you have reached the barrier".

Capitalism has created the forces, the organisation, the possibilities that drive it beyond its own possibilities—the limit for the expansion and utilisation of our resources has been reached. The old order blocks the realisation of the very possibilities it has created. When this happens, it can no longer be bound by its former categories.

These are empirical facts, but to see them in perspective in new experience is philosophical. That is to say, to demand our *liberation* from a paralysing ideology, which as long as we are under its domination will not permit us to see what to do to avoid crisis and disaster and to continue social development. Our consciousness cannot get free from ideologies as long as the conditions for further advance are not ripe. When they *are* ripe, it is no longer bound

But authentic thinking is that which breaks through the limits of capitalist consciousness to grasp the whole historical process that puts the past and the present in their place and proceeds to create the future.

We should ask who are most likely to be held by the false consciousness and who will break through. The old forms, however, are rigid and resist modification when they are artificially preserved beyond the point at which they are economically useful by those whose interests they represent. The specific situation of the modern bourgeois presents itself as if it were the universal human condition, a frozen rigidity. The question is whether any group or *class* can extend *their* potential consciousness beyond these limits. This will be the case when a social class sees that its interests can only be achieved by going beyond the economic possibilities of capitalism.

This is the case as far as the working class is concerned, in spite of the fact that they are subject to the pressure of bourgeois ideology which holds all minds within the objective limits of capitalist possibilities, since their interests are bound up with change, and it is indeed a life and death business for them, their potential consciousness can pass beyond these limits. Only those willing to create the future can see the future in the present, see it trying to be born; and can realise that tremendous pressure of the potentialities of our time thrusting against the limits of capitalism; and already showing the outlines of the new structure in the highly developed socialised forms of monopoly and nationalised industry when "Socialism looks out at us through all the windows of capitalism".[33]

[32] Lukacs, quoted by Meszaros in *Lukacs' Concept of Dialectic.*

[33] Lenin, *Towards the Seizure of Power.*

A new book by John Lewis containing a full critical study from the Marxist standpoint of Weber's contribution to Sociology will be published by Lawrence & Wishart early in 1975.

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Discussion on Inflation:

More on Inflation

Ron Bellamy

(The author is Senior Lecturer in Economics at the University of Leeds. Previous articles in the discussion on inflation were printed in Marxism Today *as follows:- John Purton, December 1973 and January 1974; Pat Sloan, February 1974; Pat Devine, March 1974; Larry Finley, May 1974; David Cobham, July 1974).*

In this contrlbution to the discussion on Inflation I want to deal with four problems:

First, whether there has been, as Pat Devine and others have stated or implied, *"chronic"* inflation over the whole period since World War II. I shall argue that price increases after the late 1960's do warrant this term, while earlier ones do not.

Second, is it true, that under conditions of full, or near-full, employment and in the presence of monopolistic or oligopolistic relations between capitalists, price increases necessarily follow on wage increases? This view is, I think stated consistently by Devine, in its baldest form by Sloan, and often inconsistently by Purton.

Third, is the characterisation of the whole post-war period by Devine (following Warren to whom he refers frequently with approval as the source of this conception) in terms of the new balance of forces between wage-labour and capital in the labour market, and its corollary, that the "central problem of post-war capitalism has been inflation", a correct one? I argue that it is not.

Fourth, what has been the role of credit-creation, on the initiative of private forces as well as by governments, in the post-war period?

I. THE SO CALLED "CHRONIC INFLATION"

(A) It is entirely understandable that bourgeois writers should have used the anxiety-creating associations of "inflation" in order to mobilise petty-bourgeois strata and less well organised workers (including former workers now on pension) against the struggles of the better organised sections—initially with some success especially in the ideological field. More recently the less well organised have begun to understand and themselves join in similar wages struggles.

For most of the post-war period marxists and others on the left of the labour movement have taken the view that full employment with small, if creeping, price increases, was preferable to price stability plus unemployment. Along with some, but not many, bourgeois economists, they have postulated causes of price increases quite other than increased money wages and the increased working class expenditure that follows from it.[1]

(B) The rate of price increases before the late 1960's (apart from the first two years of the Korean war—when it is universally agreed that speculative purchases of raw materials by governments and capitalists were the cause) was not for the developed capitalist countries at all remarkable by the standards of capitalism's earlier history. In 1958 the United Nations World Economic Survey in a special section on Inflation wrote:

> "Recent rates of increase in prices have not, *in* themselves, been remarkable by comparison with corresponding rates in previous periods of rising output. On the contrary, price increases have in general been relatively modest when viewed in a long historical perspective . . . While recent year-to-year increases are not out of line with past experience, it is, perhaps, the persistence of such increases over a long period that should be regarded as the ultimate cause for concern, giving rise to the expectation of an indefinitely continuing depreciation of money.
>
> "Even this, however, is not an entirely new phenomenon. Longer periods of upward trend in prices than that since the Second World War can be found in the past. One such period comprises the years from 1895-1913 during which wholesale prices in the United States rose at an average rate of

[1] An article in *Marxism Today* November 1957 by the present writer attempted a critique of the views then prevailing. Wrongly, as I now see it, I – though in part as a result of the need to use accepted terminology in discussion with academic colleagues – used the term inflation, especially "creeping inflation" to describe the price increases up to that date.

It is worth noting that, while almost all bourgeois economists maintained a conspiracy of silence about the part played in price rises by the massive increase in arms expenditure between 1948 and 1951, it was principally the right-wing monetary economists (v. the above article for details) who allowed that capitalists' investment during 1954-56 played the major role in "demand-pull inflation". It has unfortunately to be said that wage-cost push explanations of price rises have often been justified by arguments drawn from economists of left views, from Joan Robinson, Kalecki, Lange, and left Keynesians.)

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> 2.4 per cent per annum, compared with 1.4 per cent from 1948 to 1957. On this evidence it might seem that there would have been more grounds for loss of confidence in the value of money by, say, 1910 than in 1958."

True the above comment ends with 1958. But over the whole next decade in the USA consumer prices rose by only 20 per cent or less than 2 per cent a year; indeed if one takes the earlier five years before the Vietnam war got under way the rate was about 1 per cent a year. As we shall see the rise in wholesale prices was much smaller. It seems a misuse of terms to describe such increases as "inflation".

Nor was experience elsewhere than the USA particularly remarkable up to 1967. I summarise the following data from the article by Professor Machlup (*"World Inflation: Factual Background"*) in Randall Hinshaw (ed.) *Inflation as a Global Problem* (Baltimore and London 1972 pp. 29-30):

> "Let us take a look at consumer price indices . . for the period 1948-67. The US shared with W. Germany the distinction of having the lowest annual rate of price increase . . a figure of 1.7 per cent. In between, in descending order, are Netherlands (3.9), Japan (3.8), the UK (3.7), Italy (3.2), Canada (2.3), with Belgium and Switzerland sharing a figure of 1.9 per cent. In most of the ten countries the consumer price level has been rising considerably more sharply during the past four years (1968-72. RB) than during the period 1948-67".

Since these price indices include the effects of government-imposed indirect taxes and are not therefore "market prices" reflecting the operation of economic agents alone, let us consider wholesale prices.

> "If we turn to wholesale prices, we find, for the period 1948-67, that Japan and Italy had the lowest compound annual rates of increases (0.5 per cent), with Belgium and the United States sharing third place at 1.0 per cent. Only three countries had annual rates of increase of more than 2 per cent. Since 1966 the rate of increase (except for France) has been substantially higher than in the period 1948-67."

Devotees of over-simple and general explanations will find cause for thought in the following data for Japan:

> "On a 1953 base, the Japanese consumer price index in the first quarter of 1970 stood at 197.3, the wholesale price index at 114.1, and the export price index at only 94.8. That is to say, during this period (of 17 years RB) consumer prices almost doubled, whereas export prices actually fell! (during the same period money-earnings per month had risen about five-fold).

(C) I quote the above in some detail not in order to be nihilistic, but in order to suggest the complexity of, and contradictory factors at work in, the process. In the legitimate search which marxists make for the new and developing there may be insufficient attention paid to the old. For the apparently "new" may turn out to be caused not by a new trend, but by some temporary or chance[2] phenomenon. I am not asserting at this stage in the argument that such is necessarily the case, but a little more study of the past could have prevented Pat Devine from committing himself to such statements as that in the post-war period "money wages (earnings) have risen for a long period, unprecedented in the history of capitalism". (Wages rose by 79 per cent in Britain between 1850 and 1900—RB). Pat Sloan, as will become apparent from the data I give here and later, could also have avoided some of his more sweeping conclusions.

(D) Since 1968, and increasingly as one approaches the present, prices have increased with a quite different tempo, rightly called inflation. Contrary to Devine, I believe that not all the causes of this second phase are chronic, and in any case are not the same as those operating in the earlier period however much that period may have been creating, in embryo, the preconditions for the later real inflation.

II A CRITIQUE OF THE THEORY

(A) May I begin by trying to clear the ground of some fallacious arguments that have appeared in this discussion.

Of these the first is connected with the role of monopoly and oligopoly. The reasons given by Purton, connected with the desire of firms to "guarantee cash flow", or to provide funds for investment or to pay increased wages without eating into profits are really rather irrelevant (as well as partly wrong, since firms can and do borrow on a considerable scale). Marxists have always held for reasons that we do not need to go into here that firms *need* to maximise profits. In any event an increased *need* to do something is an entirely different matter from *ability* to do it, and it is not helpful to confuse the two. It is *ability* (or otherwise) to raise prices, in order to increase profits, with which we are concerned. Let us take the strongest case for the view by supposing that in a particular industry there is minimal restriction on monopoly power, namely the case where firm and industry coincide—the case of pure monopoly.

[2]By "chance" factors one means those not arising from the essence of the process in question. The succession of bad harvests in a number of countries in the early 1970's contributed to, but did not essentially flow from, the process of capitalist price formation.

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There is no *general* presumption, even in this case, in favour of the view that such a monopolist can increase profits by raising prices, without further, additional, assumptions. As British Rail well knew, raising fares *lowered* total receipts, and profits, because the demand was elastic with respect to price increases. If the profit margin per article is raised by raising prices relative to unit costs, we cannot say whether profits (equal to profit margin per article times number of articles sold) rise as a result of a price rise until we know what is the effect of that rise upon the number of articles sold. The frequency with which this (entirely elementary) point appears to be ignored can perhaps be explained by the fact that in recent history the raising of prices has coincided with a simultaneous upward movement of the demand curve, so that customers are willing to pay more per unit for the old quantity or to buy a larger quantity at the old price.

The latter event cannot however be assumed to hold for all commodities; its causes have to be specified for each particular one. In a completely closed economy a rise in the money wage bill will almost certainly (since workers tend to spend what they get) lead to an upward shift in the demand curve for wage-goods. But even here, one has to show why the contention of Marx and Ricardo should not hold, why the result should not be simply a transfer of resources out of other branches of production, those producing commodities for capitalists to buy, a transfer which will expand the volume of output of wage-goods at the same rate as the demand for them has risen, with no rise in price. Provided the capitalist has no other means of paying the increased wages-bill (e.g. of this week) *except* out of profits (e.g. of last week), his own expenditures on consumption goods and producer goods must be reduced.

There is therefore no alteration in the total of aggregate demand, only an alteration in its distribution between expenditure on two goods. Now in practice (either sometimes or always) it may be the case that the capitalist is able to pay the increased wages-bill out of a creation of credit, then borrowed by him so that his own capacity to spend on consumption goods and upon producer goods is not reduced. In such a case aggregate demand is larger than before and if aggregate output cannot be increased then a price rise is inevitable. But the cause has been a creation of credit. Academic economists have been entirely clear on this point.[3]

[3] e.g. A. J. Brown: *The Great Inflation* pp.10-11, discussing the conditions of a "wage-price spiral" – "Shortage of liquidity or of new credit, is of course likely to interfere with the process at some point". cf. also the sources quoted in an earlier article on inflation by the present writer. *Marxism Today*. November 1957.

In an open economy, the additional demand from the workers' expanded wages-bill may result simply in a growth of imports of wage goods, with no change in their price. Conversely a rise in the money wages-bill of workers employed in the export trades does not add one penny to the foreigners' demand for those exports, and cannot therefore directly affect their price.

Price Increases and Monopoly

Secondly, Pat Sloan may rest entirely content with the establishment of his priority in scientific discovery. I am quite happy that no earlier marxist, Soviet or otherwise, should claim as marxism the view that monopoly alone and unaided can raise the average level of prices. For of course Marx never said any such thing, nor Lenin, nor (to avoid dogmatism) anyone who had thought carefully about the matter. What Marx said was that monopoly could raise prices *above values* in the *monopoly* sector. It does *not* follow from this that prices as a whole rise, nor even that monopoly prices rise over time (as indeed some of my factual evidence in section I has shown). For in the first place if values are falling faster (owing to technical progress) than the degree of monopoly is rising there is no reason why even monopoly prices should rise. There is indeed some presumption for believing that it is just in the sectors where big firms, employing large masses of capital, are engaged that there arise (from that common cause) *both* the growth in the social character of production which raises productivity and lowers values, *and*, the greatest possibilities for the establishment of monopolistic restrictions. In any event, I think Sloan would be hard put to it to defend the logical corollaries of his theory, namely that monopoly took a gigantic leap forward from 1972 to 1974, quite different from that which occurred shall we say in the year of greatest mergers somewhat earlier, or that the degree of monopoly suddenly took a nose-dive between 1929 and 1932, when prices collapsed.

It is worth reflecting why Lenin, for example, pays so little attention to monopoly pricing in *Imperialism*. Could it be that, like Marx, he is more concerned with the "monopoly of the means of production" in the hands of a minority class (Marx) as a characteristic of capitalism in general and its further narrowing under monopoly capitalism? Or was it that the other effects of monopoly capitalism in 1915 made the effects of price-raising seem rather trivial by comparison? Have we perhaps sometimes taken over, with too little differentiation from a marxist viewpoint, the petty-bourgeois critique of monopoly. It is entirely understandable that those against whom surplus-value is being redistributed by monopoly prices in *inter-capitalist* exchanges, and who as a result are forced to reduce their rate of accumula-

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tion and ultimately therefore to lose existence as independent capitals, should look at monopoly in that way. For the working class, except in so far as it is unable to compensate by wage increases for the monopolistic raising of the prices of *wage-goods* (and this is a sector in which monopoly has been historically weakest)—monopoly capitalism has other and more important implications.

We have shown that monopoly may not result in any rise in prices *even* in the monopoly sector. This is an extreme case which I would not wish to push. But it is worthwhile noting that in the USA in the 1920's a substantial growth in the degree of monopoly both in general, and especially in retailing, was accompanied by stable prices. More generally, monopoly cannot raise the *average* level of prices without an increase in credit (or the presence of abnormal liquidity arising from earlier creations of credit). But creations of credit can, quite independently of monopoly, cause both price rises in general, and hyper-inflation in particular (e.g. in a war, under conditions of competitive capitalism). Thus one may say that monopoly is neither a necessary nor a sufficient condition for a rise in the average price level. On the other hand the creation of credit in sufficient volume is at once a necessary and sufficient condition for such rises.

The Central Argument

May I come now to the central argument of Pat Devine, the question whether, given wage increases, it follows that prices will rise.

> "In conditions of oligopolistic interdependence, the pattern of relative prices tends to reflect the competitive strengths and strategies of rival capitalists and will not lightly be disturbed. When faced with wage-cost increases capitalists know that their rivals will be subject to similar pressures and that their competitive positions i.e. their *relative* prices will be unaffected by common increases in *absolute* prices. As long as it is believed that full employment is assured, if necessary by state action to increase aggregate demand, there is no reason to fear that *higher prices will affect aggregate sales.*"

I take it that the last sentence in reality concedes my point about the necessity of credit creation to sustain the prices rises. Maurice Dobb, in a very similar, though briefer and less explicit passage, accepts credit creation as a necessary condition:

> "Once a commodity-money system is abandoned, however, the price level is no longer dictated by (and pegged down to) the value of gold relative to that of commodities other than gold: it is free to vary according to a number of factors, including money and credit policy and the like, and the price policies of the monopolists. When money wages rise, firms are in a position (at least if demand is favourable) to pass this on in higher monopoly prices."[4]

[4]Theory of Value and Distribution. 1973

In discussing this argument in a *theoretical* way, there are three points to be raised, all of which are connected in one way or another with the question of the relations between capitalists in a market economy. To anticipate the criticisms which I make of Devine (and Warren from whom Devine claims to draw many of his theoretical positions) at other points in this article, I can summarise by saying that they *mis-specify and underestimate the fundamental and growing antagonisms between monopoly capitalists.*

Now Devine does not treat the monopolists explicitly as a collective capitalist in their dealings with workers in the labour market or with the buyers of their products. But if one minimises the importance of inter-capitalist antagonism by asserting that *in practice* they act as if they were a single collective capitalist for the purposes of price-fixing, one finishes up with the position typified in so much of the post-war bourgeois discussion on inflation.

The Keynesian methodology of aggregative thinking has a great deal to do with this. For example A. J. Brown (in *The Great Inflation* p. 105ff) argues that prices will rise because the capitalists ("entrepreneurs") and wage earners cannot agree about the share-out of the social product between them.

> "Suppose that the wage-earners seek to maintain that level of real income . . . (the one they desire or believe to be right. RB) . . while entrepreneurs seek that which is consistent with the ratio of factor shares (i.e. that share of the social product which *capitalists* desire or think right they should have. RB) . . . (then any given share-out which happens to be produced favouring capitalists) will produce a situtation where "entrepreneurs will be satisfied, wage earners dissatisfied". The wage earners now rectify the position by winning a wage increase. "Entrepreneurs will now seek a price increase sufficient to offset this." "Thus the course of wages and profits in the spiral expansion due to this competition between wage earners and entrepreneurs will be represented by the zig-zag line . . . ."
> Rhys: The Motor Industry, London, 1972, p.269.

Allowing for the mealy-mouthed language which calls struggle between wage earners and capitalists "competition" rather than class struggle, this picture is not dissimilar from that painted by Devine of "competing claims on real resources".

Superficially this seems plausible—until perhaps one sees one of the immediate corollaries which was drawn from it. If the entrepreneurs in fact behave in this way, acting as a single collective, all raising prices *together,* all faced with the *same* wage increase (or the *same* increase in wages costs) then there would be some sense in the claim that if one set of workers took less this *collective* capitalist would be able to pay another section more. But the process is not like this at all. There is no such

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collective capitalist who buys labour power and sells commodities.

Increased Differentiation

The essential feature of capitalist commodity production is that there is not only *private* ownership of the means of production by a minority class, but that there is fragmented, atomistic, *individual* ownership within this class. Not only that, but as capitalism develops, the differentiation between capitalists grows e.g. into monopoly and non-monopoly capitalists, capitalists of this state and of that state, capitalists engaged primarily in production, capitalists primarily in banking, and others already in partial or total fusion of both. I have not space to argue in detail here the case that the historical development of capitalism creates objective conditions for the growing homogeneity of the wage-earning class (this is the crucial feature of *its internal structure*), while, on the contrary, the internal relations within the capitalist class are ones of growing antagonism.

Devine's premise for the discussion of relations between the capitalists in the process of price formation is that "the pattern of relative prices reflects the competitive strengths and strategies of the rival capitalists, and will not lightly be disturbed." This is a premise of very great *relative stability* in relations between capitalists, relations "which will not be lightly disturbed."

My starting premise is exactly the converse, that the relations between capitalists are those of a "temporary, conditional, unity of opposites", with emphasis on the conditional nature of any relationship of stability temporarily established.

Devine's second premise is that of similarity in the position of all capitalist rivals. My premise, based on the law of uneven development in both the economic and political spheres, is that sharp changes in technology, in production and distribution relations, (as a result of the uneven development of concentration between firms and as a result of the relations between specialised sections of the capitalist class) and in the political and military sphere, make any balance of forces temporary and conditional. Take a contemporary example. When the restrictions on oil began as a political move, they affected the whole balance of economic strength within the imperialist powers, precipitated acute balance of payments crises in a number of countries, particularly Italy, created stagnation in Japan, exacerbated the trade war to the point of more open subsidies by governments to exporting firms, which in turn alters the balance of strength between rivals in the world capitalist market.

The standard academic reply to this picture, and one to which Devine presumably subscribes, is that fear of losses, if once price-cutting breaks out, prevents everyone from beginning the process. But such fear could be the overriding factor only if no rival believed that he could win such a price-cutting war. Why should there never be a victorious outcome, or expectation of it? Why is it assumed that when the external context, either of the market for their products, or the market for their inputs changes, or technology changes, all firms should be similarly placed? Except in the unlikely event that all firms are of identical size, identical composition of activities (where in fact they are often multi-product firms one of whose products may be doing well while another is doing badly), identical ratios of inputs, especially the ratio of wage costs to other costs, it must be obvious that changes in the prices of inputs will affect them differently. In respect of wages, why should it be assumed that their plants are even in the same country?

On the other hand if the market for its product collapses why should a firm whose profits depend upon running a modern plant at full capacity have the same interests in respect of prices as one with older, more flexible plant? It may well pay the former to cut prices, maintain output; unless his rival has abnormally strong financial reserves, the former has a good chance of winning. As in any war, there will be casualties: but wars are won not by those who refuse to accept casualties, but those best able to bear them.

Criticism of "Administered Price" Theory

There is no space here to do more than mention the substantial critique which has appeared in the learned journals during the last twenty five years of the more exaggerated versions of the "percentage mark-up" and "administered prices" views of price-fixing by firms. (e.g. the devastating criticism by Lord Kahn of P. W. S. Andrews", *Manufacturing Business*. In the event it turned out that the alleged results of the finding of the pre-war Oxford Economics Research Group that firms adhered to such price fixing policies turned out to mean no more than that they took the prices established in this way as a starting point from which to raise prices if the market would bear it and lower them if the orders were sufficiently important to gain.).

Finally, how can one reconcile the stormy merger movement of the last fifteen years on a world scale, in which not only small and middle capital, but many a giant has succumbed to a more powerful rival and been absorbed, with this picture of search for secure and modest profits, the following of conventions designed to maintain things as they are, the acceptance of the quiet life.

My own picture of capitalist reality, which I have taught professionally since the early 1950's, owed more to the reading of the financial press[5] over a long period and the contact one gains with reactionary *operators*, much closer through action to the reality they seek to

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preserve, than to the views of academic observers, whose position in society has so often persuaded them to look for, and too uncritically to find, that tidy world of no antagonisms which they would like to exist. That this is not mere abuse will become clear in the last paragraphs of this section.

(C) But before I turn to the important empirical evidence which has recently become available, may I raise one further point about inter-capitalist relations by way of a simple and actual illustration. The cost make-up of a typical motor car in 1968 was as follows:

bought out components and other materials	62%
direct labour	8%
other variable costs	14%
development and tooling and other fixed expence	16%
	100%

Rhyss: The Motor Industry, London, 1972, p.269

I have deliberately picked this example in order to highlight the question of intermediate products (the bought out materials and components of the example). The whole tradition of Keynesian economics and its methods of national income accounting has omitted the transaction between capitalists (about two thirds of all exchange transactions) by a process of consolidation of accounts, and by dealing only in final products.

Wages a Small Part of Total Costs

Consider now what British Leyland (shall we say) should do when faced with an increase in wages of direct labour? In this case they form so small a part of total costs that a small reduction in organisational slack within the firm could compensate for the reduction of profits which would otherwise result from keeping prices constant. But, it will be said, you are cheating. Wages-costs also form part of the costs (in aggregate the major part – even, if one follows Pat Devine "all costs are reducible to labour costs") of the materials bought out (and the materials that went into them etc. etc.). This reply is fair enough so far as it goes. But it does not go far enough. Is it really the case that British Leyland pays to its suppliers exactly what they ask simply because they in turn have incurred certain costs and expect to receive normal profits on capital? Whether its suppliers receive normal profits on their capital is not British Leyland's business: it is not running a benevolent society for capitalists. Indeed to suppose that it "accepts" the prices of its suppliers, as if they were "built-up" by adding up costs plus profits, is to deny that the transaction is one of bargaining between a seller and buyer, indeed to suggest that the system is not one of commodity production at all.

Now I do not want to suggest that there are no limits to the extent that British Leyland can push its suppliers' prices down – obviously one limit is when the firm ceases to produce. But what I am saying is that the degrees of freedom of manoeuvre are much greater than those who postulate only one degree of freedom in face of a rise in wage costs, namely to raise prices.

Some extremely interesting and difficult theoretical problems arise here, which I would not claim to have solved. But I am far from alone in thinking that disaggregating the Keynesian aggregates is an important question in understanding the movement of a capitalist economy.[6]

Questioning the Evidence

(D) Finally the evidence upon which the theory of "administered prices" and of oligopoly prices more generally has been dependent over the last forty years has itself now come in for the most rigorous questioning. This questioning confirms the views arrived at by those of us who without possessing the vast resources of the National Bureau of Economic Research had none the less read the financial press

[5]How frequently has one read a company chairman report "faced with a rise in wage costs and other costs which we have not been able to pass on in current market conditions, we have had to accept a cut in profit-margins." or conversely: "Favourable market conditions have enabled us to widen our profit margins, and we are happy to report a substantial increase in profits." In a rapidly changing world, the empirical work in applied economics published in the learned journals is unfortunately most often too late to be of value for current policies, however, great its value to the economic historian, or as confirmation (as is true of the NBER study quoted below) of views which one had reached *already* from other sources *in time to apply them to contemporary practice.*

[6]The well-known national income specialist, Professor Ruggles has recently commented: "Value theory has in the past been based upon a consideration of the *total* output of the firm and the various costs incurred in the production of such total output (as in Marx it has been concerned not only with the value added V+S but with the gross value of output C+V+S. RB) The theory of the firm does not apply if output is defined as value added rather than as the value of the total product. Producers are in fact sensitive to raw material price changes and changes in technology which alter raw material inputs. Consolidating the accounts (i.e. excluding *intermediate* products from *macro*-economic analysis RB) to exclude raw materials *obscures important behaviour relationships.* Basing the analysis of price behaviour upon value added is not dissimilar in concept to analysing net exports of a country without taking into account separately the behaviour of imports and exports." (Richard Ruggles: comments on a paper of Alterman in *The Industrial Composition of Income and Product.* NBER. NY. 1968 pp.99 ff.)

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and company reports and used the concept of uneven development as a methodological tool of analysis. This new work arose out of doubts as to the validity of a famous 1935 article of Gardiner C. Means resting upon the series of price indices published by the US Bureau of Labour Statistics of which Means was Director. This study, and the figures, claimed to provide evidence that the prices of goods sold in manufacturing industry and under conditions that later came to be known as competition among the few (oligopoly), were extremely rigid in face of changes in both demand and costs, and did not move downward even under the collapse of demand in the 1930's. This evidence was also in the main accepted by Marxists[7].

Some doubts were expressed at the time of Means' original article but he insisted that "he was confident that the statistical picture was not seriously faulty". The results of an internal but never officially published survey made within the Bureau just before World War II appeared in its essence in the trade journal *Iron Age* in 1946. This survey unlike the original (and published) BLS one was based on information obtained *from buyers* about the *prices they actually paid,* whereas the official study had been based upon prices provided by sellers. The *Iron Age* article showed that in the year 1939 before industry operation reached high rates of output relative to capacity, "price cutting was extensive" and it concluded "This study certainly served to reduce the confidence in the reliability of the quoted prices (i.e. quoted by sellers RB) in the period before World War II." *This elaborate test was never repeated,* at least not by the Bureau.

It has now been repeated[8] by the well-financed US research institution, The National Bureau of Economic Research, familiar for its voluminous empirical studies of technically high quality.

Revision of Academic Views

As this study is likely to begin the process of revision of academic views prevalent over a long period, and as it will not be generally available to readers of *Marxism Today,* it needs a little further elaboration.

It rests upon a much more substantial coverage of data than even the original Means official BLS study (17 reporters for each price series as against 3 for the official figures). But the critical difference is that it asked buyers what prices they paid, and not sellers what prices they charged (no member of a trade association is going to reveal his open or concealed discounts). It covered the years 1957 to 1966, which included "one ordinary expansion (of about two years) and one of extraordinary length (of more than five years)[9]", and investigated, among other commodities, the following products: Petroleum and products, Rubber and products, Paper pulp and allied products, Chemicals and allied products – hardly areas of "perfect competition" or small scale production, but, on the contrary, areas of the largest-scale modern industry, marked by oligopoly (as the inclusion of prices actually the subject of anti-trust cases shows). The report concludes:

> "The findings of Gardiner Means in his original study that numerous prices changed not at all, once, twice, or only a few times in a decade including the Great Depression, was *the* sensational part of his study. A great majority of economists have acceded to this finding . . . Prices of concentrated industries – and most of our products are produced by industries that are so viewed – do not respond to reductions in demand, or so it is believed.
>
> We raise grave doubts about the validity of this belief. Even the BLS price indices (for the period of this present study viz.1957-66 RB) are not especially cordial to this view of cyclical price rigidity, and our price indices are *emphatic in their contradiction of it.*" (my emphasis RB).

[7]In light of what follows, it is not without interest that the famous marxist, Varga, contrasting the movement of cartel prices compared with competitive prices when he wrote *The Great Crisis* in 1934, included the important caveat: "The difference in prices is tremendous. In reality, the difference is probably less, since the official cartel prices are secretly evaded and underbid by the individual cartel members in various ways" (p.65n.) How right he was! It is a pity that in the almost word-for-word repetition of the point in his later (1939) work, *Two Systems,* the crucial qualification "In reality . . ." was entirely omitted.

[8]G. J. Stigler and J. K. Kindhal: *The Behaviour of Industrial Prices.* NY. 1970).

[9]i.e. these were not depression years – an important point in view of much of the conclusion allegedly to be drawn from periods of "stagnation".

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In two contractions in production, both quite short, of about nine months duration, the prices of 40 of their 68 products decreased. Over the whole period of nine years the prices of *all* the products in my above list beginning with Petroleum moved *downward*,–Chemicals, for example, showing a decline of about 0.2 per cent *per month*. The price index for *all* industrial commodities moved downwards – this being true for the official BLS index as well as for the NBER one. The prices of Electrical machinery and equipment fell by one quarter of a per cent per month over the whole period, and faster during short slumps.

It is an interesting question in the formation of ideology why the conclusions of the Means study were so easily accepted. No doubt the radical anti-monopoly movement of the 1930's played a part. But I cannot help thinking that the ideological support which the conclusions have given to the struggle against wage increases in the post war period has been more decisive.

III THE MIS-SPECIFICATION OF ESSENTIAL FEATURES OF THE POST WAR WORLD

I have suggested in section II that Devine's argument rests upon an underestimation of the growing depth of inter-capitalist antagonisms. Since the capitalist class is in conflict with the working class in the labour market, that also leads him to mis-specify the essential relation between capital and labour. But much more crucial is the thesis which Devine has taken over with approval from Warren, which states that the crucial problem of capitalism in the post war world has been "the relation between capital and wage labour in the labour market, with its outcome, chronic inflation."

In the first section I suggested that for a large part of the post war period inflation, in any reasonable sense of that term, was not a central concern of the capitalist class. Nor do I believe, in light of e.g. the British Stop-go policies as well as state-generated deflation elsewhere, that the relatively full employment has been primarily the product of conscious policies designed to prevent unemployment for political reasons.

The major preoccupation of the policy of monopoly capitalism of all countries, but especially of Britain and the United States (carrying a weight between them of more than half of industrial world production and income) has been the struggle against the anti-imperialist forces, expressed primarily in the Cold War. Devine points to the growth of the social services and education. But their effect as boosters of the economy has been almost completely nullified by the fact that working class consumption out of wages has been reduced by increased levels of taxation which substantially if not entirely offset *those* increased state expenditures.

The only form of state expenditure which could have had the effect of preventing a major capitalist crisis (given that the spontaneous forces of real capital accumulation could not alone, despite the scientific technical revolution and the burst of innovation associated with it, have provided an adequate boost) is one which possessed two features. First, it had the support of the capitalist class. Second, it could be taken as a subtraction from the surplus value that would accrue to the capitalist class at full- or near-full-employment and used for *non-productive consumption*. This policy, to the extent that it maintains near full employment of labour, maximises the production of surplus value, makes it far higher than it would be at lower levels of activity.

If all that surplus value were to be added to the real productive capital stock, a crisis of general relative overproduction would emerge very quickly, production collapse, profits fall, and surplus value be reduced. It is therefore entirely possible that with full employment *and* the diversion of a considerable part of surplus value to that form of state consumption approved of by the capitalists (because it is defending their vital interests in world domination) it is possible that, even after tax, the amount of surplus value (and especially the amount going to the monopolists) is greater, and certainly not much smaller, than it would be if a different course of events had ensued. The capitalists would not support, but on the contrary oppose, expansions of collective civilian consumption which benefited primarily the people (education and to a less extent health services have some limited benefits for the capitalist class). However, in general they have been successful in making the people pay for their own education and social services. This expansion of state military and other Cold War expansion is the only crucial change since World War II, since it is not difficult to show that the ratio of social services to GNP is not much greater than pre-war.

Ridiculing this view as "the permanent arms hypothesis" Devine forgets that a sum is being spent on armaments on a world scale roughly equal to the amount of net real accumulation, with the US devoting to it for most of the post war period an even higher proportion of its national product than to net accumulation. Whatever effects this may have had in debilitating the productive strength of certain economies it cannot be seriously doubted that it has provided a large part of the basis for the continuous absence of a major cyclical crisis of general relative over production.[10]

[10]The view which I have seen expressed by some economists in an earlier period, that the West German boom in a non-arms economy showed that booms were independent of the level of armaments seems to me entirely

(*Footnote continued overleaf*)

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Hence not only does the Warren-Devine thesis understate the antagonism between the monopoly capitalists, it makes the even more significant omission of that between imperialism and the anti-imperialist forces.

Alliances

I do not believe that Devine would subscribe to the denigration of the *British Road to Socialism* and the concept of alliances, both of which Warren has explicitly rejected in a number of recent articles. From an earlier reformist position in 1966, when he supported incomes policies, he has now moved to a leftist rejection of all alliances. There is no paradox here. If you treat the capitalist class as a monolith without antagonistic internal relations, then it follows that they will respond as a collective capitalist to increases in unit wages costs. Given a context in which money wage rates rise faster than productivity (the "militancy" assumption) and given also a massive willingness of the banking system to increase money supply to pay the increased wages bill, it follows that the capitalists can recoup by raising prices. Hence inflation becomes inevitable, unless there is an incomes policy to restrain wages. This was I think the logic of the Warren position in 1966.

But once it became clear, after the defeat of *In Place of Strife,* that the working class was unlikely to back an incomes policy, the logic of the same argument (given the premise that inflation is the most important problem) is that only the *immediate* transition to a planned socialist economy can prevent inflation. It is hardly surprising that all intermediate stages on that road become irrelevant and one moves toward a conception of the immediate confrontation of workers and capitalists and the taking of state power[11].

Hence a correct specification of the central contradiction and the main secondary ones is a necessary starting point for getting inflation into perspective. Within the framework of a world dominated by the economic consequences of the Cold War, David Cobham has outlined, in my opinion very clearly the further consequences of *inter-imperialist* struggles in the monetary and credit sphere for the inflationary process. I think this makes it easier to see why a different period began to open up in the late 1960's.

IV. THE CAUSES OF INFLATION SINCE 1968

May I suggest briefly what seem to me to be the new features of the last half dozen years, and then criticise the Devine explanation, which I shall call for short the "increasing militancy assumption".

Cobham has elaborated much of the background developments which led to two new features of that period. First the massive growth of Eurocurrencies, which one writer has called "stateless money" because the degree of control which governments are able to exercise over it is much less than their (by no means always sure) grip over their own banking system. Second the break-down of the whole post war monetary arrangements in August 1971, and the search for a stable, internationally acceptable, form of storing capital. Third a world boom of considerable dimensions, formed as always, a basis for commodity speculation, especially in a context where certain commodities were temporarily in deficient supply (the accident of a number of bad harvests).

I think it might be useful at this point to suggest why Pat Devine's picture of the credit system is wrong. The capitalists who specialise in money and loan capital are not just *passive* lenders. Like any other capitalists they must accumulate in order to survive; they can accumulate only by lending. Second, the "production of loans" – if I may draw an analogy with the sphere of material production – is just as much subject to the anarchy of capitalist production as is production proper. There is no reason at all why there should not be partial or general relative *over*-production of loans.

Further, especially in the monopoly period, the period of finance capital, the money capitalists are just as much concerned about finding profitable and privileged fields of employment of their capital by establishing relations of domination-within-partner-

[10] (*Footnote continued*)
fallacious. The West German boom was largely an *export-led* boom which depended crucially upon the level of activity in the *world as a whole*. Given the sheer economic weight of the USA, in the world economy, the level of world activity depended upon what was happening inside the US economy; and that in turn was crucially affected by the level of state expenditures on armaments. One cannot have it both ways: one cannot say that the US arms economy is a cause of world inflation and at the same time deny it a role in world demand. To say that war has *in fact* meant work is not to say at all (a) that there could not be work without war (in a different constellation of political forces especially within the USA, a constellation that all must fight to bring about), or (b) to deny that the expenditure of human and material resources upon imperialist aggression is wasting resources on a massive scale, and (especially for our own country) resources which are quite crucial to our survival as a prosperous nation. It will be obvious that the creation of the social and political forces capable of stopping this waste is intimately connected with the creation of forces committed to alternative uses of those resources. We are unlikely to get the first without building the second.

[11] I do Warren the credit of assuming he is consistent (perhaps Pat Sloan should reflect that the dialectical relation between a baby and its bathwater is not quite the same as that between the various ideas of a competent theoretician; the greater his capacity for self consistent argument, the more is error in the part likely to reflect and to contribute to error in the whole!)

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ship with industrial capital. They are not omniscient, they are subject to "animal spirits" in periods of favourable expectations. They do not always lend wisely (as a number of recent bankruptcies in the secondary banking sector have shown). Nor are they, in such periods willing to accept state demands for caution.

I do not find it in the least hard to understand why the combination of those three factors (or four, if one takes the temporary collapse of production of some agricultural commodities, and adds the more recent – in *origin* politically motivated – restrictions on oil output) has produced a sharp upsurge of prices, on a *world* scale. Nor, given the uncertainties about the world monetary system, is it hard to understand why there should be a scramble for gold.

Here I am not happy about Maurice Dobb's apparent assumption that we are no longer in a commodity-money world. Of course it would be absurd to deny the many mediate links in the chain that connects prices to the value of gold. But the greater the international division of labour, the greater the volume of trade in relation to national income, the greater (above all) the international movements of capital, the less easy is it for any single government or group of governments to do what governments have been able to do in the past within national boundaries, namely impose the acceptance of token money (not closely related to gold) upon its citizens in payment of debts.

The Changed Positions

So long as two empires, the British and later the US, held successively an unchallenged position in the world, it was possible to make sterling and the dollar perform such a "quasi-state" form of token money for the world as a whole. Now that that position does not exist, and is – on all present evidence of the state of international antagonisms between the major powers – unlikely to be reconstructed, there exists an uneasy disequilibrium in which both the attempted international token money, the Special Drawing Rights (which means still in effect IMF money and therefore largely American, money) and gold coexist. The compromise is reflected in the freedom which Italy has acquired, not to sell gold (that might set off a stampede which would prejudice the dollar) but to borrow foreign exchange on the basis of her gold reserves with gold valued at the world market price, not the official price (the former being three to four times the latter)[12].

[12]I have not seen any attempts to calculate how that valuation of gold compares with the increase in world prices since the dollar value for gold was fixed in 1944. But it is already noticeable that at the new price gold producers are planning to reopen formerly unprofitable mines.

I find Pat Devine's explanation of wage-movements over the last six years quite unconvincing, for they would presume a remarkable change (not only in Britain, but in all countries where wage-labour is important[13]) in the balance of forces in the labour market, and/or in militancy. I do not know whether there is some underlying assumption that Paris events of May June 1968 reflected and triggered off an entirely new level of militancy among the European working class.

There seems however, a much simpler, and more reasonable explanation, at least once one has postulated that there can be causes of price rises other than wages. What has to be explained is that workers in Britain, who had been according to Pat Devine's own tables, accepting money wage settlements which raised wages at about 5-7 per cent a year, suddenly switch into a quite different gear, and start accepting increases nearer 10-15 per cent. Is one supposed to believe that the British working class had suddenly acquired an entirely new and different conception of what its share of the national income ought to be and had started to fight for that conception successfully? I know of no *independent* evidence of so remarkable a change in ideology (i.e. other than the wage increases themselves) which would lead to this conclusion. What happened is shown, surely, from Devine's own table. During the period of Labour government from 1964, real take-home pay, as a result of increased direct taxes, price rises and income policies, was stagnating. Fed up with this, workers fought against, and defeated *In Place of Strife*. This defeat opened the floodgates of demands designed to regain in one year the ground lost in four. Meanwhile, other factors supervened. For the world as a whole, the forces mentioned earlier began to operate upon prices, while for Britain they were exacerbated by the devaluation of 1967. Import prices rose sharply and no attempt was made to protect the workers from the impact of these events. Not surprisingly they used their strength where it was greatest in order to protect themselves.

[13]The figures of money-wage changes for Spain and Portugal, where it could hardly be argued that opportunities for organising militancy were large, were not dissimilar to those in Britain.

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Discussion Contribution on:

Trends in Youth Culture

John Green.

It would be a pity if the timely discussion on "youth culture" deteriorated into a battle of two camps, each more intent on refuting the other's ideas rather than contributing constructively to a Marxist position on the matter. A penetrating Marxist analysis of "youth culture" would be invaluable for our Party work, and a good start has been made towards this in the previous discussion. I feel, however, that Martin Jacques' opening article in *Marxism Today* of September 1973 did not provide the basis for the discussion which it could have done. It was more a review of events in the pop-music and the student-political field than an attempt to analyse the phenomenon of "youth culture" and the "youth revolt" from a Marxist position, i.e. a class position.

Two Areas for Research

Before any effective approach can be made there are two important areas of research which need to be explored. 1. To reveal the economic developments which have taken place in the cultural sphere over the last two decades, and to examine the role played by the entertainment giants like Rank and EMI. What sort of domination do such firms have? Where do they place their emphasis culturally? How far do they react to demand and how far do they create it? These are just some of the questions which need answering before we can begin discussing "youth culture" in detail.

Secondly, we need to look into the class basis of cultural activities. How far, if at all, is "youth culture" classless? How far is it a national culture and how far regionally different? Does culture in the big cities differ from that in the country?

There has clearly been a sort of "youth-as a class" feeling developed over the last two decades. youth as a distinct entity divorced from the problems and worries of other age groups. The way this has come about deserves more analysis too.

This separate "youth identity" expressed itself in new and unconventional ways and so brought about violent reactions from mainly middle class sections who felt their ordered little world being threatened. This reaction did not by any means signify that the ruling class as such, i.e. the financial powers, felt threatened in any way at all; in fact they cashed in on every burgeoning phenomenon with relish as they always do. For them values, morals and social attitudes are to be upheld if they can be used to make profits and not because they conform to the traditional tenets of "Christian society".

Nature of "Youth Revolt"

On examination one can see that the symbols of rebellion yesterday are by and large, the norms of today. This, in itself, perhaps indicates that they never were very much more than symbols in the first place, and also just how easy it is for the bourgeoisie to pin its blue and white stripes on a red flag.

Of course it is undeniable that certain expressions of the "youth revolt", such as anti-authoritarianism, sexual attitudes uncluttered by religious or traditional prejudice, rejection of a capitalist concept of the family, are progressive in themselves, but let us not forget that such new attitudes are confined very much to a minority—in the main students. Most important, however, is what attitudes replace the ones overthrown? If the breakdown of bourgeois values automatically led to their replacement by more humanistic or even socialistic attitudes everything would be fine, unfortunately it doesn't.

It must be the function of the Communist Party, and particularly the YCL to develop these progressive tendencies amongst young people and imbue them with a socialist content and with a purpose, without which they can rapidly become the seeds of fascism or anarchy.

It is significant, I think, that there is a trend at the moment not only in music (e.g. The Deep Purple group) but also in film to gratuitous violence and brutality particularly of a sexual nature. As much of pop music is aimed at adolescents, and as such is primarily sexual in its expression, does this trend indicate a replacing of bourgeois sexual oppression of one sort by another sort of "liberated" sexual violence? In the field of literature too, censorship is invidious, and its abolition is to be welcomed, but in a capitalist society this abolition does not signify simply a new freedom to discuss sexual matters openly but also freedom for the exploiters of sex, which can to a large extent negate the former.

"Youth as a Class"

Perhaps we could look for a moment at the phenomenon of "youth as a class"?

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In post-war years the very rapid breakdown of old communities, like those in the textile towns of the North or in London's East End has led to a general feeling of rootlessness amongst those forced to migrate and even those left behind. This feeling affects young people more strongly but also unconsciously because they have not experienced the strong ties of community for any length of time. They have had no sense of identity or of belonging to a particular cultural tradition and so have sought a substitute, and this has been provided by the pop-culture of the 50's and 60's. They have been provided with a new "youth identity", a spurious form of community (e.g. at the big pop festivals), an exclusive teenage form of communication, and of course new youth heroes. The many different aspects of "youth culture" in the last two decades needs to be examined in detail in order to assess how much of it, or what aspects of it are real expressions of "youth feeling" and what are simply outlets for dissipating excess energy or escaping for a few precious moments the monotony of an apparently meaningless existence.

Crisis of Youth Identity

The crisis of identity amongst young people today is very much one common to much of the industrialised world but the solutions and the possibility of finding solutions to this crisis are very much class determined. "Youth culture" in post war years has been creating a semblance of youth identity regardless of class. The idea that classes and class differences disappear amongst young people has been engendered and reinforced by the entertainments industry but it is as superficial and deceiving as the smile on Heath's face.

Young people from the upper classes may go through a period of rejection of parental norms and identify with the mass of working class youth on the pop culture level but at the same time they are brought into continuous contact with other cultural spheres, so allowing them some choice and opportunity for development. For most working class youth there is practically no choice, and this in effect is the crux of the matter; it is not so much whether one particular form of culture or entertainment is bad, reactionary or detrimental, but that the form the entertainment-cultural machinery works allows of little opportunity for development in a dialectical way. It is the all exclusive nature of pop culture, its market orientation which makes it detrimental.

The School System

Another very important factor which alienates young working class people from their roots and their own true cultural traditions is the school system. It effectively ignores working class culture completely and treats history as a monopoly of the ruling class. Any pride a working class child may have in his class is rapidly taken away from him, and should he wish to go through higher education it would be a handicap to him. All this serves also to create fertile ground for "youth as a class" ideology.

Encouragingly the NUSS and an increasing number of young, conscious working class teachers are attempting to reverse this corruption and are helping school students to rediscover their own culture.

As Marxists, I feel, we need not only to examine in detail the many aspects of "youth culture" in order to recognise and promote those which are progressive, but we must also actively promote working class culture and develop a Marxist aesthetic.

The Musical Phenomenon

In the opening article Martin Jacques, unfortunately, dealt almost exclusively with the musical phenomenon of the last two decades. While it is clear that music has dominated expression in the cultural sphere. it can be misleading to read into musical developments and trends larger political or social significance.

Music is perhaps the most difficult of the arts to define, either in terms of content or effect. It works on a purely emotional level and the reasons why or how it effects us are almost impossible to define and can hardly be described or assessed in concrete terms. This explains for instance why Beethoven or Wagner can be enjoyed by Communists or Fascists alike, whereas the works of Brecht or Georg Grosz cannot. Even music coupled with words, so narrowing its possible field of meaning, like the songs of Bob Dylan or Joan Baez can still appeal to an enormous spectrum of people with differing political attitudes, although here the forms of communication chosen, i.e. mass produced records, radio and TV shows together with the attendant commercialisation, play determining roles. The medium does start becoming the message.

Communist Standards in Art

As Marxists we cannot afford to be passive in our attitude to culture just as we can't in any other sphere. We must seek to create an awareness and acceptance of Communist standards in art, and that does not mean the acceptance of particular forms or methods of composition or creation, but the acceptance of certain attitudes on the part of artists and audience alike, attitudes reflecting a deep humanism, a yearning for liberation and of brotherhood. We must search actively for our real cultural roots and seek to develop a pride in working class culture. This will be our most valuable tool in combatting bourgeois ideology.

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There seems to be some confusion about attitudes on bourgeois and working class culture, which has led to some unfortunate vituperation in the discussion. By advocating the promotion of working class culture one does not reject that culture, which up till now has been *monopolised* by the bourgeoisie; on the contrary a clear conception of what progressive working class culture is will lead to a new expropriation of "bourgeois" culture which will liberate the humanistic and progressive content which has been crippled and stifled for so long. We must decisively reject the ideology and strictures of bourgeois culture, however, and in our cultural activities explore new avenues of our own. This is already taking place in the progressive movement with groups like Red Ladder, Cinema Action or the 7:84 theatre group creating new, revolutionary forms of working class culture.

In the German Federal Republic and in the GDR young people have created a whole new song movement of an aggressively proletarian and revolutionary sort, which is at the same time popular and effective. It is of interest, that in the FRG this movement has only come about with the creation of a legal Communist Party, and has led to an upsurge of committed cultural activity in other spheres too.

I hope this whole discussion will lead to a more profound examination of our attitudes on culture, and that it will lead us to adopt a more active role in the cultural field and help us develop a Marxist aesthetic and promote revolutionary working class culture.

EDITORIAL COMMENTS (concluded)

Certainly these speeches and articles are essential data for the study of the history of the Hungarian Communist Party and of the policy in recent years—home and foreign—of the Hungarian state.

But Kadar's speeches reveal too something of ideas that are especially dear to him personally, fruits of his own experience, and of the experiences in victory and defeat, in success and in error, of the Hungarian working class movement.

It is interesting that both in the first speech recorded in this collection (*Speech at the Ikarus Body and Vehicle Factory*, Budapest, February 1968) and in the last one (*Reply to Birthday Greetings*, May 1972) he is arguing that Communists, true to Marxism-Leninism, must be humanists, or in reverse that a really consistent humanist must be a communist.

The political power of the working class must be defended, he declares, if necessary, with arms but:—

> "for the solution of the everyday problems of construction and development, bayonets are not suitable weapons. More, the only help is that the aims must be good and the masses must agree with them and support them of their own accord. It is possible to fight for power with force of arms, power can be defended with force of arms, but it is not possible to build a new society with force of arms."

A key question for communists, he continues in this same speech to the workers of the Ikarus factory, is our attitude to people:—

> "Some comrades have said that in this matter our new leadership is very liberal. We are not liberal, we are communists, therefore we maintain that it is impossible to judge a man only on the basis of papers, whoever he be, because paper is one thing and a human being is another. For the very reason that I am a communist I believe that people can be changed. . . . A man must not be pictured as a little statue carved out of stone, but really a living man, whose thinking changes and develops."

In his *Reply to Birthday Greetings*, four years later, he is still insisting on the same questions:—

> "It is my profound conviction that Marxism-Leninism as a science and communism as an idea are the humanism of our era."

He insists on the elements of education and persuasion in the building of socialism:—

> "As far as the system of thought is concerned, we may say, let us get together and vote, is there a god or isn't there? According to some there is, and according to others there is not. But we are not doing it this way. We take into consideration and respect the feelings of everybody. We entrust the solution of the question to the passing of time, to scientific lectures and journals. We may still work calmly for this, and find the ways and means for believers and non-believers to work together for the common socialist goal."

Communist leadership has to be won and respect gained through communist action and example, he declares to the Ikarus workers.:—

> "I am led by the opinion that it is much better if non-party people say of the communists that they march in the van, are ready to make sacrifices, are worthy of respect and should be followed, than if we said this about ourselves. We had to earn respect for the Party, for party membership, for the name of communist in a difficult situation."

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